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Algeria	800 Dr.	Iran	118 Rials	Chad	1,000 Franc
Austria	22 S.	Italy	200 Lire	Portugal	200 Esc
Bahrain	800 Din.	Jordan	1,000 Din.	Spain	166 Ptas
Belgium	50 B.F.	Korea	1,000 Won	Taiwan	200 New
Brazil	1,000 Cr.	Lebanon	1,000 L.L.	Thailand	50 Baht
Canada	100 C.	Liechtenstein	1,000 S.	Turkey	200 Liras
Denmark	110 Kr.	Malaysia	1,000 M.	U.A.E.	1,000 Dirhams
France	100 F.	Monaco	100 F.	U.S.	1.00 \$
Germany	1 DM	Norway	1,000 Kr.	Yugoslavia	1,000 D.

ESTABLISHED 1887

In the Pacific Basin, a Surge of Anti-American Sentiment



On Monday, a demonstration against U.S. bases in the area typifies the region's growing anti-American sentiment.

Trade Disputes Help Spark Mood

By Keith B. Richburg
Washington Post Staff Writer

SINGAPORE — Trade disputes and accusations of U.S. government "meddling" in domestic politics have stirred latent anti-American sentiment in several Southeast Asian countries, prompting some to begin openly reassessing their links to the United States.

The new mood suggests that the United States may find less receptive ground in the region than in the past over a wide range of economic, political and defense-related issues. These issues include U.S. efforts to persuade Thailand to adopt restrictions on copyrighted material and to reach an acceptable agreement with the Philippines to allow the retention of U.S. military bases there.

In the Philippines, Foreign Secretary Raul Manglapus has spoken of the need to "slay the American father image." In Thailand, outrage over U.S. pressure on the government to pass a copyright bill precipitated a split in the ruling party that allowed Prime Minister Prem Tinsulanonda to dissolve the assembly and call new elections for July. Thai rice farmers already were angry over subsidized U.S. wheat sales.

In Singapore, Brigadier General Lee Hsien Loong, the son and likely successor of Prime Minister Lee Kuan Yew, said in an interview last week that there was "some long-term loss to relations and confidence" between the United States and Singapore after his government accused a U.S. diplomat of "meddling" in domestic politics. He said the episode would cause Singapore to have "a certain reserve" in future dealings with Washington.

Earlier this month, in a speech to the Singapore Parliament, Goh Chok Tong, the first deputy prime minister, spoke of the possibility of Singapore moving "into a more neutral and nonaligned posture."

A dispute erupted earlier this year between the United States and Singapore when the Reagan administration dropped Singapore and three other Asian economic powers from the list of nations getting preferential treatment for exports to the United States. That move prompted a surge of anti-American sentiment.

"The United States has hit a bad patch right now," said a Western diplomat in Singapore. He cited continuing anti-U.S. demonstrations in Seoul and trade restrictions with Japan and Taiwan as evidence that the trend is not confined to Southeast Asia. Some analysts have suggested that many of the recent controversies revolve around broader economic differences, with the United States seen as a heavy-handed superpower trying to pressure developing Asian countries on trade.

"The image of the U.S. pressuring Asian countries on trade is somewhat valid," said a Western diplomat in Singapore. "There is

Dollar Rise Blunted by Central Banks

YORK — The dollar hit fourth highs on world currency markets Monday but fell after the U.S. central bank announced it would restrain its intervention.

Federal Reserve System intervention came after modest declines by the Bundesbank, the German central bank.

The underlying mood of the market still appears to be one of "small interday corrections as easily absorbed," said Trivedi, head of corporate at Daiwa Bank in London.

He said the Bank of Japan's notable absence from the market to halt the dollar's rise was particularly significant as Japanese dealers had been anxiously seeking direction from the central bank on the dollar's future.

Analysts have been expecting the world's major central banks, which have pledged to maintain currency stability, to blunt the dollar's rise after the currency last week broke above key psychological levels of 1.80 Deutsche marks and 130 yen.

In New York on Monday, the dollar hit an early high of 1.870 marks and was already falling when the U.S. central bank sold dollars for marks at around the 1.82 DM level, dealers said.

The dollar finished at 1.8218 DM, still above the 1.8145 at Friday's close, and at 131.125 up from 130.45.

The Fed intervention hurt prices of U.S. Treasury bonds, which have been buoyed recently by the dollar. As a result, stock prices also dropped, with the Dow Jones industrial average of 30 leading U.S. shares slumping 34.50 points to close at 2,108.46. (Page 1b).

Stock analysts also said that investors were selling for profits after the 38.94-point rise last week.

Meanwhile, news of a record deficit on Britain's widest trade measure of \$1.21 billion (\$2.08 billion) in May sent the pound and the British stock market skidding. (Page 11).

The Fed selling did not appear very aggressive, dealers said.

Despite the intervention, the dollar remained in demand. "Even though we're off the highs, it remains remarkably well bid," said Robert White of First Interstate Bank.

Dealers said the absence of active, coordinated intervention against the dollar has allowed it to stay strong.

"They didn't go through the the widespread channels," a New York dealer said of the Fed. "It was just a few banks here and there."

In New York, the dollar also rose to 1.5080 Swiss francs from 1.5035

Jet Flew Too Low, Paris Says

By Barry James
International Herald Tribune

PARIS — The French minister of transport, Louis Mermaz, said Monday that an initial investigation revealed no evidence of a systems failure in the crash Sunday of an Air France A-320 Airbus during a French air show.

Mr. Mermaz said the plane was flying too low, but he stepped short of blaming the pilots.

The jet, watched by about 15,000 spectators, flew across an airfield near Mulhouse on the Swiss-French border and failed to regain height. It crashed in a forest and caught fire.

Three passengers died and 133 escaped down emergency chutes. About 20 were seriously injured.

British Airways, Air France and Air Inter, France's internal airline, said Monday night they were resuming flights by their A-320 jets. They are the only companies currently flying the A-320s, and the flights had been halted following the crash.

The director-general of the French civil aviation authority, Daniel Tenenbaum, said the jet that crashed was at an altitude of about 10 meters (30 feet) as it made its pass over the airfield.

In Mulhouse, Jean Volff, a state prosecutor, also said the plane was flying too low.

"The A-320 passed at 30-foot altitude," he said, "which is completely outside the technical norms when it is carrying passengers."

Mr. Tenenbaum said the aircraft needed eight seconds to respond to the command of the pilot who, because of the low altitude, had only five seconds to maneuver the plane upward.

Christian Roger, the president of the Federal Aviation Administration,



EUROPE SUMMIT — As the EC conference began Monday in Hannover, West Germany, discussed the prospects with President Mitterrand, right, and Foreign Minister Roland Dumas of France. Page 11.

Train Crash In Paris, 22 Feared Dead

By Jonathan Gage
International Herald Tribune

PARIS — Up to 22 persons were feared dead and 24 were injured when a commuter train slammed into another during rush hour at the Gare de Lyon station in Paris, rescue officials said.

Seven bodies were pulled from the wreckage and officials said 15 more passengers were trapped and appeared to be dead.

At least six persons trapped in the trains were still alive, but rescuers said that it would take many hours to free them.

At midnight, nearly five hours after the accident, the underground quays of the station still echoed with the sharp rattling of pneumatic saws and hammers as rescue workers labored feverishly to extract the living from the crushed first class car of the struck commuter train.

Raoul Viger, a fire department spokesman, said the driver of the incoming train had warned passengers that he was unable to brake and to brace themselves for a collision.

"I saw the train rushing at speed towards me and just had time to jump onto the platform," said the

Kiosk Lake Shakes La Francisco

SAN FRANCISCO (AP) — A strong earthquake jolted downtown California on Monday as the city was celebrating the opening of a new kiosk in San Francisco and by halting commuter but there were no reports of damage or injury.

The U.S. Geological Survey has made registered 5.0 Richter scale and that center was just south of center, along the San Andreas Fault. On Sunday, a 4.9 earthquake shook San Francisco.

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Close The Dollar in New York	
DM	1.8218
FF	1.5080
Yen	131.125
FF	6.1485

U.S. May Retire Older Planes

By Richard Witkin
New York Times Service

NEW YORK — The government will propose a rule that for the first time would limit the number of flights planes can make, officials say. The action is designed to prevent accidents caused by the aging of jet airliners.

The proposal centers on the number of flights that metal-fatigue tests show that a given type of plane can safely endure. Each type of aircraft would be allowed to make half that number of flights.

Work on the rule, which began months ago, was stepped up after an accident in Hawaii on April 28 in which part of the upper fuselage

As Boom Ends, New York Faces 'Jobs Mismatch'

By Thomas J. Lueck
New York Times Service

NEW YORK — After 10 years of boom times, the economic vitality of New York City is being tested by deeply rooted problems: pervasive poverty and inadequate job training, a shortage of skilled workers and a growing dependence on highly specialized service industries.

The difficulties, according to economists and executives who outlined them, have grown more serious since the stock market collapse in October. By forcing Wall Street to retrench — 9,000 jobs have been cut — the plunge struck a sharp blow to the industry that had stood out as the richest and fastest-growing in the city.

But the securities industry, which employs just 5 percent of the city's workers, is only part of

the problem. Even as stockbrokers, investment bankers and financial analysts are recouping, the city is facing problems that were there before the boom began and are worsening.

With manufacturing in decline, experts said the poor residents of the city are suffering a "jobs mismatch." Even though the city's unemployment rate is very low and most poor residents can find work, economists said they were concerned that such people have too little education to find anything better than low-level jobs with little room for advancement.

The social implications could be profound. In a city where 1.4 million people, or 20 percent of the population, live in poverty, experts said that narrowing career options may be contributing to the breakdown of family ties, drug use and increased alienation.

"The challenge to New York is not just to create jobs for jazz takeover attorneys and madly municipal bond traders," said Felix G. Rohatyn, a prominent Wall Street executive and chairman of the Municipal Assistance Corp., a state agency that helped the city with its financing after it ran into difficulties in the 1970s. "The challenge is to hang on to what is left of the garment industry and light manufacturing."

At the same time, executives in many industries complained it is becoming harder to recruit professional workers from outside the metropolitan region. The reason is clear: living costs are far higher than elsewhere.

Meanwhile, the city's most robust industries, those that provide business and personal services, are moving some of their support operations, such as data-processing, out of state or abroad.

Some observers said the city is moving beyond what is normally thought of as a service economy. In its place, they said, are an array of "advanced services" — from management consulting to executive recruiting to computer software design — that employ only the highest level of professionals.

"Jobs that become standardized, that don't require any particular talent, are being moved out, and I don't see any signs of the exodus slowing down," said Roger Waldinger, a sociologist at New York University.

For city officials and corporate planners, a complicating factor is the swift globalization of many New York City industries. Invest-

Caution On Soviet Meeting

Aides See Focus On Party Reform, But 'No Surprises'

The Associated Press

MOSCOW — Delegates to the Communist Party conference this week promised on Monday that Mikhail S. Gorbachev would issue a lengthy report but cautioned against expecting either miraculous change or shifts in the party elite.

The heads of delegations arriving here from the Soviet Union's 15 republics and from the dozens of regions of the Russian Republic met to select representatives for the steering bodies of the first conference of its kind since 1941.

Officials have said the presidium directing the conference will decide which of the 5,000 delegates will speak at the forum, which is expected to last at least until Friday.

Viktor G. Afanasyev, editor of the Communist Party daily Pravda, said Mr. Gorbachev would deliver a "big and interesting" report after the delegates gather in the Kremlin's Palace of Congresses on Tuesday.

But one delegate who has seen the Soviet leader's speech said privately that there would be "no surprises" and that Mr. Gorbachev would follow the broad outlines set earlier by the party's policy-making Central Committee.

Also Monday, a leading economic reformer said the conference would focus on the party's role in society and should not be expected to produce economic miracles.

Oleg R. Latsis, deputy chief editor of the party magazine Kommunist and a conference delegate, said that the central aim of the conference was to unite the party behind political reform.

Another delegate, Nail B. Bikkennin, the magazine's editor, said the goal was to develop a political system that would prevent a repeat of the tyranny of Stalin or the stagnation prevalent under Leonid I. Brezhnev.

"We will reconstruct our political system, which is obsolete, obsolete," Mr. Bikkennin said. "What we must have is reliable political guarantees against a recurrence of what happened in the past."

Weeks of discussion have produced thousands of suggestions for change, some of them as radical as having the party general secretary elected directly by a national vote.

Proposals have been floated in the press recently and unfettered political discussion has occurred.

The economy, however, has made few visible advances, and consumer shortages of items such as sugar and cheese have worsened in recent weeks.

This was noted by Mr. Latsis in an article published Monday in Pravda in which he called the country's retail sales system disgraceful.

At his news conference, Mr. Latsis said the supply system could be improved only by providing economic stimuli and incorporating a much greater role for demand and supply in the country's centrally planned economy.

But he made clear that such matters would not be decided at the party conference.

"The central question is the question of how the party should change its role in our society," Mr. Latsis said. "In this area, there will be decisions."

"These are decisions which will change our future, but not the next day," he added.

Banners and posters adorning the capital as the 5,000 delegates arrived over the weekend struck a slightly different tone. Lettering on many banners invoked a revolutionary style of writing not seen since the early 1920s.

Mr. Latsis's remarks reflected an attempt by reformers and officials in recent weeks to lower public expectations about what the conference will produce.

It had once been billed as a forum that would institute radical reforms.

A set of proposals, known as theses, was approved by the Central Committee on May 23 and has

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See TRAIN, Page 6

See CITY, Page 15

Nigeria Reaps the Benefit of Biafran Absolution for a Turbulent Tribe

By Blaine Harden
Washington Post Staff Writer

ENUGU, Nigeria — Victor Nwankwo hid in a cave when the war ended, waiting for the slaughter to begin. As an officer in the short-lived West African nation called Biafra, he had every reason to expect death.

Mr. Nwankwo had heard rumors that the victorious Nigerian federal forces, having fought for three years to win back the southeastern corner of their country, had a secret plan to kill every male of the secessionist Ibo tribe. After a tribal war, tradition was on the side of vengeance.

Yet, after four days in his cave, it dawned on Mr. Nwankwo that something else was going on. "We sent out a scout to see if the Nigerians were killing people," he recalled. "They were not."

Like tens of thousands of Ibos in 1970, the young officer then walked out of the bush and surrendered. He accepted the death of Biafra, an Ibo nation, and resumed life in the fractious, tribal amalgam called Nigeria.

Now the president of a profitable publishing house in this city that once was the Biafran capital, Mr. Nwankwo argues that if Nigeria had done the expected, the 1967-70 war never would have ended.

"If there had been mass killings," he said, "there would be a guerrilla movement in Biafra today."

In the calculated act of not wiping out a rebellious people, Nigeria brought a full stop to the bloodiest conflict in the history of independent Africa. The government invited the Ibos, an industrious people who now number about 30 million, back into the national economy.

Nigeria laid to rest the cycle of tribal violence that continues to torment much of the African continent from Ethiopia to Angola, from Liberia to Uganda.

"I believe that Nigeria as a result of the war has learned that an ethnocentric political movement, no matter where, would not be viable," said Odomgwun Ojukwu, the man who led the Biafra revolt, in a recent interview in Lagos.

Mr. Ojukwu, now 54, once said: "Whist I live, Biafra lives." The Oxford-educated son of a millionaire Ibo businessman, he was the stony hard and strategic brain behind the long refusal of Biafra to surrender to an army far larger and better-equipped.

Historians and Ibos who fought along with him accuse Mr. Ojukwu of pointlessly prolonging the war as tens of thousands of Ibos starved.

Mr. Ojukwu fled Biafra two days before the war ended and spent 13 years in exile. After a pardon in 1982, he returned home and served as a vice president in a civilian government.

Like most conflicts in modern Africa, the origins of the Biafran war lie in the colonial era. A British invention called Nigeria roped together three of the most highly developed ethnic groups on the continent: the Ibo, the Hausa-Fulani and the Yoruba.

Of the three, the Ibo was the quickest to adapt to the English language and English ways.

The Nigerian writer Chinua Achebe, himself an Ibo, wrote that "unlike the Hausa-Fulani, Ibo man was unhampered by a wary [Muslim] religion." And unlike the Yoruba, he added, the Ibo was "unhampered by traditional hierarchies."

"This kind of creature," he wrote, "feared neither God nor man, was custom-made to grasp the opportunities of the white man's dispensation."

From the 1930s to the mid-1960s, Ibos settled across Nigeria. They were prosperous traders and they excelled in medicine and the law. Ibos accounted for 60 percent of officer ranks in the army, and they were dominant in the civil service. Their often ostentatious prosperity was particularly resented in the North, home of the Hausa-Fulani.

An abortive but bloody coup attempt in 1966 gave Hausa an opportunity to cash in on their resentment. The coup plotters were mostly Ibo officers. Their victims were mostly non-Ibos. The notion of an Ibo conspiracy to dominate political power in Nigeria seized the imagination of Hausa mobs. Riots and mass killings of Ibos began in the north.

More than a million Ibos were forced to flee eastward to their homeland. A year later, Biafra

Angolan Peace Talks Move Ahead in Cairo

Total Withdrawal of Cuban Units Tied to Pretoria Namibia Pullout

By John Kifner
New York Times Service

CAIRO — Representatives of the United States, South Africa, Cuba and Angola reported some progress in negotiations over the weekend toward ending 13 years of war in Angola and South-West Africa.

The meeting was the second formal session in an effort by Chester A. Crocker, U.S. assistant secretary of state for African affairs, to promote a plan for the withdrawal of Cuban troops from Angola in exchange for the removal of South African forces from South-West Africa, or Namibia. Mr. Crocker served as the mediator.

Conference participants said the hostility and suspicion among the parties was such that the talks nearly broke down on Friday amid angry exchanges over internal strife in Angola and apartheid in South Africa.

They said Mr. Crocker's efforts to soothe tempers were aided by his Soviet counterpart, an African expert and deputy foreign minister named Vladimir M. Vasev. He arrived Saturday.

Mr. Crocker referred to the improved relationship with the Soviets when discussing the conference with reporters Sunday, saying, "It is very clear that we and the Soviet Union believe that this very difficult regional issue is one that should be worked out and progress achieved."

Representatives of the four parties will meet in the United States on July 11 to work out technical details of the proposal for a timetable of troop withdrawals.

"What has been accomplished is to define the parameters of a settlement," Mr. Crocker said Sunday.

But those familiar with the conflicts in the region cautioned that much remained to be settled, particularly the finding of a method of ending South Africa's 70 years of control of Namibia. South Africa is being challenged there by the South-West Africa People's Organization, the guerrilla organization backed by Angola.

United Nations Resolution 435, calling for the withdrawal of South African troops from Namibia and elections to form an independent government, was approved 10 years ago this September.

At issue, too, is South African and U.S. backing for the National Union for the Total Independence of Angola, or UNITA, the guerrilla group that is challenging the Marxist government of Angola. American officials were relieved last week when a high-ranking Angolan delegation to Washington said that the end of American aid — some \$15 million worth of military equipment last year — would not necessarily be a condition for the withdrawal of the 40,000 or so Cuban troops backing the Angolan government.

On the second day of his two-day trip through the South, Mr. Savimbi urged more than 900 people at the Sardis Baptist Church to "pray so God will soften the heart of P.W. Botha and Fidel Castro so we can free Africa."

Mr. Botha is president of South Africa, whose support Mr. Savimbi is criticized for accepting because of that country's racial policies. Mr. Castro is president of Cuba, which has sent troops to support Angola's Marxist government.

Mr. Savimbi has had to rely on unofficial and local leaders to make contact with the U.S. black community because his rebel movement has been denounced by most national black leaders, including the Reverend Jesse L. Jackson, the Reverend Joseph E. Lowery, president of the Southern Christian Leadership Conference, and Benjamin L. Hooks, president of the National Association for the Advancement of Colored People.

Savimbi Receives Mixed Reception In Southern U.S.

Washington Post Service

BIRMINGHAM, Alabama — Jonas Savimbi, an Angolan rebel leader, encountered both support and criticism as he appealed for support from two Baptist congregations Sunday in his campaign to widen his appeal to U.S. blacks.

He charmed many blacks who knew little about the 13-year struggle against the Marxist Angolan government by his guerrilla organization, the U.S.-backed National Union for the Total Independence of Angola.

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Kurt Waldheim and his wife, Elizabeth, shading their eyes Monday at a Mass with the pope.

Pope Assails Divisions in Church

The Associated Press

INNBRUCK, Austria — Pope John Paul II denounced "bitter confrontations" among Roman Catholics on Monday as a schism was threatened between the church and its ultra-conservative traditionalists.

The break would occur Thursday if the traditionalist French archbishop, Marcel Lefebvre, proceeds with the consecration in Switzerland of four bishops despite the Vatican's objections.

The action would mean automatic excommunication for Archbishop Lefebvre under Roman Catholic law.

Also on Monday, the pope, who was ending a five-day tour of Austria, issued special greetings to President Kurt Waldheim.

During a Mass in an outdoor stadium in Innsbruck, the pope said: "My greetings go to the distinguished representatives of civic and government bodies, especially the federal president and the two provincial governors of this Western part of Austria."

Mr. Waldheim, who attended the Mass, has been accused of complicity in Nazi atrocities during World War II but denies any wrongdoing. The pope had met with Mr. Waldheim during his visit.

Speaking to 38,000 people at the Mass, the pontiff cited "growing lack of communications among generations; numerous divorces, suicides including those among young people, all-out fights among politicians and parties, bitter confrontation among Christians themselves and cynical criticism of the church even in the church's own publications."

After his return to Rome on Monday, the pope is expected to make another attempt to head off what would be the church's first schism since 1870.

Archbishop Lefebvre has announced his intention to consecrate four bishops in Eoane, Switzerland, in defiance of the Vatican.

The Vatican spokesman, Joaquin Navarro Valls, estimated that Archbishop Lefebvre had between 80,000 and 100,000 followers. But other Vatican officials say as many as half a million Catholics around the world turn to traditionalist priests for various church functions.

China's Protestants Seat First Bishops Since '55

United Press International

BEIJING — More than 1,500 people crowded into a Shanghai church Sunday to see two Protestant bishops consecrated in the first such elevation since 1955. The action reflected a continued easing of restrictions on religious worship.

The new bishops, Sun Yanli, 74, and Shen Yifan, 60, were elected by the standing committee of the Shanghai Christian Administrative Commission. There are about four million registered Protestants in China and just over three million Catholics.

'New Phase' Predicted in Israeli Ties With Japan

By Joel Brinkley
New York Times Service

JERUSALEM — The Japanese foreign minister's visit to Israel over the weekend was more remarkable for the fact that it occurred than for anything that resulted from it.

Although Japan and Israel have normal diplomatic relations, Japan's dealings with Israel have traditionally been cool, and Foreign Minister Sosuke Uno is the most senior Japanese official ever to visit Israel.

Because Japan has been heavily dependent on Arab oil imports, it is one of the few major industrial nations that still heeds the Arab boycott of trade with Israel to a significant degree. Although Japan does sell goods to Israel, the trade is limited.

On Sunday, Mr. Uno met with the Prime Minister Yitzhak Shamir, Foreign Minister Shimon Peres and President Chaim Herzog, among other Israelis.

He told Mr. Herzog, "I am the first Japanese foreign minister to visit Israel, and in that sense we will open a new phase in our relationship and in the history of Israel."

At other times during the visit, Mr. Uno said Japan was interested in helping the Middle East peace process. As soon as he got off the plane on Sunday, he headed for Yad Vashem, the Holocaust memorial in Jerusalem. He said that because Japan feels partly responsible for World War II, it now feels a responsibility to work for peace in the Middle East.

Japan's official position is that Israel should withdraw to its pre-1967 boundaries, giving up all the West Bank and East Jerusalem. Japan also supports a Palestinian state.

Under heavy guard, Mr. Uno and his entourage also visited the Dheisheh refugee district on the West Bank. He talked with Palestinian leaders and said Japan would spend \$250,000 to build a community center there and another \$250,000 for emergency relief.

Later, Mr. Uno told Mr. Shamir that he was appalled by the living conditions at Dheisheh, an aide to Mr. Shamir said. When Mr. Uno told Mr. Shamir that Japan intended to spend \$50 billion on foreign aid over the next five years, Mr. Shamir suggested Japan spend some of it on Palestinian refugee districts.

WORLD BRIEFS

Wildfires Rage in Dry Western U.S.

WASHINGTON (UPI) — Wildfires caused by lightning have burned more than 60,000 acres (24,240 hectares) of dry timber and brush in Custer National Forest in Montana and South Dakota, and on Nevada nuclear test site, officials said.

On Monday, 1,500 firefighters, battling the blaze whipped by wind through the more than 50,000 acres of Ponderosa pine in the Custer National Forest, had it 70-percent contained and expected to be under control by Thursday, officials said.

The other major blaze was burning on the huge Nevada test site of 100 miles (160 kilometers) northwest of Las Vegas. Bulldozers carved an 18-foot (5.5-meter) wide fire line on Sunday, halting a 7,700-acre fire started Thursday. Smaller fires were burning in Arizona and California where a blaze Sunday threatened the town of Stent in Tuolumne Co before being turned away. One person was injured.

Reagan Affirms Support for 2 Aides

WASHINGTON (Reuters) — President Ronald Reagan said Monday that he continued to believe that his former White House aides, Lt. Gen. and Colonel Oliver L. North and Rear Admiral John M. Poindexter, were innocent of criminal activities in the Iran-contra affair.

"I believe in the innocence of the two men and I would like to see them established once and for all," Mr. Reagan said in response to a report question at the start of a meeting with Kenan Evren, the Turkish president.

Admiral Poindexter and Colonel North were indicted in March 1987 with two middlemen in the affair, which involved the secret sale of arms to Iran and the diversion of profits to the U.S.-backed Nicaraguan rebels.

Rust Plea Appears in Moscow Press

MOSCOW (Reuters) — An appeal for the release of a West German amateur pilot, Mathias Rust, imprisoned since landing a light plane at Red Square a year ago, was published Monday in a Soviet magazine.

A letter from "Citizens' Diplomacy," a previously unknown group published in New Times, asked the Supreme Soviet to pardon Mr. Rust in the name of love, humanity, mercy and good relations between countries and peoples.

Mr. Rust, 20, was sentenced to four years in a labor camp for his flight through Soviet air space in May 1987. He has appealed clemency, but a West German Embassy spokesman said Monday there had been no new word on his fate.

A Van Gogh Fetches \$7.15 Million

LONDON (AP) — A Van Gogh still-life painting of books and a glass for \$7.15 million (\$12.5 million) at auction Monday, and a Monet work went for a record price at the same sale.

The Van Gogh painting, which fetched more than twice the \$3 million expected at Christie's auctioneers, was "Romans Partisan (Les Livres Jaunes)," painted in 1887.

Monet's "La Maison Bleue" brought a price of \$3.85 million — record for a Monet — from a telephone bidder. The painting is of a house in Zaandam, near Amsterdam, where the artist lived from June to September 1871 to escape the Franco-Prussian War.

U.S. Outraged by Terrorist's Release

WASHINGTON (AP) — The State Department expressed outrage Monday over Mexico's release of a Puerto Rican nationalist wanted by the United States for terrorist activities.

William Morales, 37, was released from prison late last week after serving five years of an eight-year term for the murder of a Miami policeman. Mr. Morales was reportedly released after Foreign State Secretary Bernardo Amor Sepulveda rejected a U.S. request for Mr. Morales' extradition on grounds that he was a "political fighter for the independence of Puerto Rico" who had been "politically persecuted."

The State Department said Mr. Morales was implicated in a 1975 bombing in New York in which four people were killed and 60 injured. He had been sentenced to over 100 years in prison in the United States on weapons possession charges. He escaped from U.S. custody in 1979.

Palestinians Protest in Jerusalem

JERUSALEM (UPI) — Palestinians hurled rocks at window buildings and archaeological sites in Arab East Jerusalem on Monday, demonstrating marking the 20th anniversary of Israeli control over the city.

Troops in the Israeli-occupied territories fired tear gas, rubber and live ammunition to break up the demonstrations by Palestinians. They threw rocks, set tires ablaze, erected barricades and blocked roads. Scattered rock-throwing incidents were reported in Jerusalem though hundreds of extra police officers were patrolling the city. There were no major clashes between protesters and police.

For the Record

Laos held its first nationwide elections Sunday since the Communist seized power 13 years ago, the Laotian news agency KPL said. Voters cast ballots for 4,462 candidates running for 2,410 seats on district level People's Councils.

Vietnamese troops piled aboard buses Monday in central Cambodia their way home in their biggest troop withdrawal since the 1978 invasion. Vietnamese and Cambodian sources said large numbers of the 50,000 troops leaving Cambodia already have reached Vietnam in advance of official date of Thursday.

TRAVEL UPDATE

3 More Airlines to Fly to West Berlin

BONN (Reuters) — The United States, Britain and France end postwar monopoly of three airlines flying to West Berlin on Monday. They agreed that another three commercial carriers could fly to the city.

The decision would mean an expansion of air traffic between West Berlin and nine major West German cities to about 700 round-trip flights a week from the current 400, an increase of 75 percent, officials said.

A joint statement by the U.S., British and French embassies in Bonn did not name the three airlines that were awarded landing rights. Sources said they were American Airlines, Trans World Airlines and French carrier to be operated by Air France and Lufthansa.

Spanish Customs Inspectors Strike

MADRID (Reuters) — Spanish customs inspectors started a two-day strike over pay Monday, disrupting travelers and freight traffic at airports and border crossings, a spokesman for their association said.

A spokesman for the Spanish airline Iberia said the strike, combined with a stoppage by the airline's maintenance workers, was causing flight delays at Madrid's Barajas airport.

DOONESBURY



U.S. Resumes Debate on Iran's Path

CIA Report on Khomeini's Health Revives Speculation

By Elaine Sciolino
New York Times Service

WASHINGTON — A recent Central Intelligence Agency report that Ayatollah Ruhollah Khomeini is suffering from liver cancer has rekindled a debate within the Reagan administration over whether the Iranian leader has long to live and over what effect his death would have on the future of the Islamic republic.

Although the administration acknowledges that the health of Ayatollah Khomeini is deteriorating, White House and State Department officials who have followed events in Iran since the 1979 revolution decline to make predictions about his longevity. The ayatollah's official biography puts his age at 86, although other sources list his birthdate as May 17, 1900.

"The administration is not leaping up and down because of CIA or other predictions," said a senior administration official.

The current debate centers around a CIA report written within the last month that describes the decline of the ayatollah's health. The report mentions several ailments that have worsened for the ayatollah in the last several years, according to administration officials who have read the analysis.

One official said the report cites a source with "direct access to the information" as saying that Ayatollah Khomeini's prostate cancer has spread to his liver. In addition, the Iranian leader has difficulty tolerating the medications he must take for his ailments, which include heart trouble, high blood pressure and poor eyesight. He also is believed to have undergone dialysis treatment, presumably for kidney problems.

A CIA commentary added to the report concludes that, based on the medical information, the ayatollah probably will die within the next few months.

But the White House decided that the report was not authoritative enough to call an inter-agency meeting to discuss U.S. policy toward Iran, a senior administration official said.

The existence of the CIA prognosis was reported by CBS News early this month. Iranian officials have denied that the ayatollah is seriously ill.

Prince Charles Is Cleared Of Swiss Avalanche Blame

The Associated Press

CHUR, Switzerland — Investigators have dropped a criminal inquiry and cleared Prince Charles of personal fault after an avalanche that killed one of his close friends and injured another, the authorities said Monday.

They announced they had filed no criminal charges against anyone.

However, the Grisons canton prosecutor's office said the entire party of six skiers, including the prince, did collectively cause the avalanche above the Klosters resort earlier this year.

The outcome of the inquiry ran counter to early speculation in British tabloid newspapers that the heir to the throne might face charges.

The authorities said in their statement that the prince "cannot be faulted" for his role in the incident, which occurred when he was skiing in a six-member party on March 10. "Furthermore," the investigators said, "according to prevailing opinion, he could not have been prosecuted in Switzerland."

Prosecutors said that by skiing outside official marked runs, the group had assumed a collective risk that excluded any one member from personal responsibility for the accident.

Major Hugh Lindsay, 34, a close friend of the prince's and a former aide to his mother, Queen Elizabeth, died on the spot.

Patricia Palmer-Tomkinson, another friend of the royal family's, broke both legs and underwent surgery twice.

In Beirut, Arafat Unit Surrenders

Reuters

BEIRUT — Palestinian guerrillas loyal to Yasser Arafat surrendered to a rival Syrian-backed faction Monday after a three-month battle for control of a Beirut refugee camp.

Witnesses said that the forces of the rebel faction of el-Fateh led by Sayed Musa, using rocket launchers and automatic weapons, had taken control of the dusty streets and battered hovels of Chatila camp.

A Sayed Musa official said about 60 pro-Arafat fighters surrendered at dawn in the face of a final assault staged after heavy artillery bombardment of their positions.

Only eight guerrillas loyal to Mr. Arafat, chairman of the Palestine Liberation Organization, were said to be holding out in an isolated pocket on the fringe of the camp.

There was no word on casualties from the final round of fighting but 90 people had been killed up to Sunday night in the battles for Chatila and the nearby Burj al-Brajneh camp.

Syria, which backed Sayed Musa in a 1983 revolt against Mr. Arafat, made no move to end the inter-Palestinian fighting.

Syria and Mr. Arafat, at odds since the 1983 revolt, settled their differences last April in a reconciliation pact on the fringes of the camp.

A pro-Syrian Lebanese politician said that Mr. Arafat, encouraged by the reconciliation, had wanted to force the Sayed Musa dissidents to join his mainstream movement.

"Arafat controls the camps in the South, while Sayed Musa controls the North," he said, "so Beirut was the decisive point and Syria was not willing to give it to Arafat for free."

He said a buffer force would be deployed between Chatila and Burj al-Brajneh, where Mr. Arafat still has wide support. Independent Palestinian sources said tension was high at Burj al-Brajneh.

"But Syria will not deploy troops in the camps until Arafat asks it to, which will mean a recognition of Syria's role in Lebanon and its influence over the Palestinians," the politician said.

Early on Monday about 20 Libyan Army officers entered Chatila to prevent any more killing in the camp.

"We are here to stop the Palestinian bloodshed," one of the officers said. Witnesses said an officer was wounded in the arm by a sniper.

Syria, the main power broker in Lebanon with 25,000 troops, deployed troops in the southern suburbs of Beirut last month to end inter-Shiite battles.

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Theologian H.U. von Balthasar Dies

United Press International

VATICAN CITY — The Reverend Hans Urs von Balthasar, a leading Roman Catholic theologian, has died at his home in Basel, Switzerland, at the age of 82, the Vatican announced.

The Vatican said Father von Balthasar died suddenly, probably of a heart attack, on Sunday.

Father von Balthasar, who became a priest in 1936, was one of 25 prelates from 18 countries who were to receive from Pope John Paul II the red silk hat and gold ring that denote a cardinal at a consistency Tuesday at the Vatican.

It is rare for a cardinal to be chosen from outside the ranks of the bishops, and the honor was a mark of the pope's esteem for Father von Balthasar's work as a theologian. He wrote 74 books and more than 500 essays and articles.

Edgar W.B. Fairchild, 82, U.S. Publishing Executive

NEW YORK (NYT) — Edgar W.B. Fairchild, chief executive of his family's publishing company until his retirement in 1970, died Saturday of complications from pneumonia. He was 82 and had been ill for some time.

Mr. Fairchild worked for Fair-

Rabin Asks Help To Block Chinese Sales of Missiles

WASHINGTON (Reuters) — Defense Minister Yitzhak Rabin of Israel asked for U.S. help in blocking Chinese missile sales to Arab countries, U.S. officials said on Monday.

Mr. Rabin, who is meeting with President Ronald Reagan and congressional and Jewish leaders, discussed the proliferation of missile technology in the Middle East with Defense Secretary Frank C. Carlucci 3d.

China has been offering to sell its sophisticated M-9 ballistic missile to Syria and other Arab countries, U.S. and Israeli officials said.

U.S. officials said that China's demand for cash has kept it from making a sale. Washington put pressure on Beijing earlier this year to halt sales of its Silkwoom anti-ship missiles to Iran and received assurances that they would cease. There have been unconfirmed reports recently that Iran has received new Silkwooms.

Mr. Rabin and Mr. Carlucci planned to sign an agreement to split the costs of a new Israeli-built missile.

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For England's Green and Pleasant Land, Tons of U.S. Trash

By Francis X. Clines
New York Times Service

LONDON — The trans-Atlantic traffic in wretched refuse from teeming shores has taken on an entirely new meaning in Cheshire and Cornwall, where local residents are alarmed about a proposal to import millions of tons of garbage from the United States for disposal in far-from-merry Old England.

"What a diabolical liberty," declared the Warrington Guardian in Cheshire under a mock picture of the Statue of Liberty discarded onto the local trash heap.

Refuse dumps have become highly protected resources amid the pastoral glades of Cheshire and the old tin mines of Cornwall.

"We all remember the saga of New York rubbish being towed around patently looking for a home and failing to find one," declared Christopher Butler, a Conservative member of Parlia-

ment from Cheshire, in calling on his constituents to rally round the new Warrington landfill. Its estimated 25-year lifetime would shrink to five should odoriferous bundles for Britain be taken in from the old colony at the proposed rate of 1.25 million tons a year.

Because of cheap disposal costs, Britain already has a thriving garbage import business from nations ranging from the Netherlands to Australia, so much so that the national government has begun studying the risks involved. The American controversy touches the more basic problem: There seems to be at least as much pride on this side of the Atlantic as there is garbage on the other.

Entrepreneurs now actively pursuing the proposal say the cash and environmental profits are right for British communities and the dumping price a bargain for Americans.

"We're very serious about this, we've done our economics inside and out," said

Nick Baig, director of Power, Water and Waste, a private company. He said that trans-Atlantic disposal would be as much as 45 percent cheaper for localities on the U.S. East Coast than truck their garbage to Ohio.

The hardest task will be making the cargo palatable to the British, he said. He said the company proposes to overcome local opposition by offering recipient communities free waste disposal under locally administered standards, a payment of about \$1 a ton, and out-rate electricity.

Whatever the result, the case has illustrated the extensive dimensions of the garbage glut. The clamor also has provided a new example of the principle of territoriality. "Keep Your Trash, Town Tells U.S.A.," was another succinct headline in The Warrington Guardian.

Mr. Baig said the company had raised \$10 million in capitalization for container ships and the latest disposal and rec-

clamation methods, which he said would be used in combination with high-tech incineration to produce electric power and a relatively trouble-free industrial asset for job-hungry Cornwall.

"To say the people here are agitated is an understatement," said Jack Parry, assistant planning officer for the Cornwall County Council, who noted the creation of such ad hoc opposition groups as SNAG, or Stop North American Garbage.

"It's a matter of loud and total opposition," he said, noting, however, that landfill disposal in Britain can cost as little as \$16 a ton, while in the states it can cost more than \$100. "At first, the proposal seemed cranklike and strange, but we've since come to see the company is obviously serious about this," he said.

In Cheshire, a large new domestic landfill site already has government approval. The Manchester Ship Canal Co.,

the county council's partner in waste disposal, has lately proposed allowing in trans-Atlantic garbage at the rate of 1.5 million tons a year, contending that the staff's origins are not important according to landfill regulations.

The council feels otherwise. It is alarmed enough to have asked the national government to consider outlawing the proposal on the basis of environmental and agricultural laws.

The government has no conclusive answer yet, said Alan Robinson, the council's chief planner, who noted the warnings of Dr. Mariogh Manche, health adviser to the Warrington borough council, that American garbage might bring over "vermin, rats and insects we know nothing about."

"We've a bit of wry smile over this," Mr. Robinson said, referring to the notion that the American cousin might be compelled to put aside pride and beg the realm for a strange sort of refuge.

S. Alters Policy on Foreigner Indictments

By Robert Pear
New York Times Service

WASHINGTON — The Reagan administration has adopted a new policy under which federal prosecutors must obtain the president's approval before a foreign leader is indicted by a federal grand jury.

Department officials said they had proposed the change several weeks ago because they feared a grand jury in Florida investigating whether the minister of the Bahamas, on O. Findling, had been indicted with drug smugglers ship cocaine to the United States.

The Justice Department has not decided whether to file criminal charges against Mr. Findling, and the case has not been referred to grand jury.

Officials said they did not know whether the evidence against Mr. Findling was strong or weak. The trial of Carlos Lehder, a Colombian billionaire convicted last month of smuggling tons of cocaine into the United States, witnesses suggested in their story that Mr. Findling had payments from smugglers in return for letting them use islands in the Bahamas — a charge that Findling vigorously denies.

Administration officials said the new policy was also aimed at preventing a repetition of the unsuccessful effort to persuade General Mamed Antileon to surrender power in Panama.

General Noriega was indicted in Miami on charges that he had received more than \$4.6 million to transport cocaine shipments from Colombia through Panama to the United States.

President Ronald Reagan was formally asked to approve foreign indictments, a White House official said last month. But the president raised no objection when he was told of the indictment a few days before they were filed, the official said.

The administration later offered to drop the indictments as an incentive for General Noriega to leave the country. A new policy is embodied in formal agreement between Assistant Attorney General Edwin Meese and Secretary of State George P. Shultz. The agreement calls for the president to be consulted before any such case to render to a decision on whether to bring criminal charges against a foreign leader.

When the fallout from the Noriega case, you can be sure things will be handled differently next time. A Justice Department official said, "We will make sure the president is consulted before we go to court. We will not just sit back and let the staff of the National Security Council will do that."

Mr. Kellner, who resigned as the U.S. attorney in Miami, said that he had pursued investigation of General Noriega without any consideration of policy or other "factors external to law enforcement."



Leslie F. Manigat, deposed as Haitian president in a military coup, and his wife arriving at Madrid airport Monday en route to Rome.

Haitian Military Linked To Narcotics Smuggling

By Joseph B. Treaster
New York Times Service

PORT-AU-PRINCE, Haiti — Before dawn one morning earlier this year, villagers on the south coast of Haiti watched men in olive drab uniforms unload duffel bags from a small plane on a remote salt flat. Some villagers said the bags contained cocaine.

Several weeks later, a group of Haitian soldiers, several Colombian and an American returned after midnight with cables and batteries in an unsuccessful effort to recover the plane, which had become disabled.

These incidents, which U.S. officials confirmed through a variety of sources, provided some of the best evidence so far of involvement by Haiti's military in the brisk business of smuggling cocaine from South America into the United States.

In a news conference Saturday in Miami, Leslie F. Manigat, the deposed president, said it had been his efforts to curb drug trafficking and corruption that led to his overthrow by the army a week ago.

His assertion came as a surprise to Haitians and foreign diplomats who had been closely following Mr. Manigat's progress during his four months as president.

They said there appeared to be no question that Haiti, with its hundreds of miles of unpatrolled coast and dozens of remote landing places, had joined other Caribbean islands as a stepping stone to the United States for drug smugglers. They said they had repeatedly heard that members of the army were involved.

But they said that until Mr. Manigat clashed with Lieutenant General Henri Namphy in a power struggle that broke into the open two weeks ago, the president appeared to have been cautiously avoiding offending the military.

The Haitians and diplomats said

that Mr. Manigat had taken some modest steps to reduce the smuggling of such imported goods as food, household appliances and automobiles, in which the army appears to be heavily involved. But they were unaware of any major effort by him against drug smuggling. He had quietly suggested replacing the police chief, aides said, but had backed off when General Namphy objected.

Haitians and foreign diplomats said it seemed unlikely that General Namphy would crack down on the smuggling of drugs and general contraband, which sometimes overlap.

On the other hand, General Namphy has never been mentioned as being involved in narcotics trafficking. He has been at odds with the man who is perhaps the major figure in the Haitian drug trade, Colonel Jean-Claude Paul, who has been indicted by a federal grand jury in Miami in a conspiracy to smuggle cocaine.

Eventually, General Namphy is expected to move against Colonel Paul. Whether that would cripple drug smuggling or merely create an opportunity for other officers is unclear.

U.S. officials in Port-au-Prince and in Miami say that Colombian drug traffickers have increasingly turned to Haiti as pressure has been applied to stop smuggling through the Bahamas and the Dominican Republic, which shares the island of Hispaniola with Haiti.

Mr. Manigat started a month-long tour of Europe on Monday with a pledge to fight to restore democracy in his country, Reuters reported from Madrid.

Mr. Manigat stopped in Madrid on his way to a meeting of Christian Democratic parties in Rome. He will later visit other West European capitals to rally opposition to General Namphy.

'Soft' Spending on U.S. Race May Exceed Official Funding

By Charles R. Babcock
Washington Post Service

WASHINGTON — Although the two major presidential candidates each will get \$46 million in public funds to run their campaigns, the amount spent on the presidential race this fall could double that, specialists say.

Much of the additional money will be in the form of unregulated and often unreported contributions from wealthy individuals, corporations and labor unions. These sources are not permitted to contribute directly to the campaigns.

After their party conventions this summer, at which they are expected to be nominated, the campaigns of Vice President George Bush and Governor Michael S. Dukakis of Massachusetts each will get checks for \$46 million from the U.S. Treasury.

But that is only the start. Tens of millions of dollars more will be raised and spent to benefit each candidate and the total could surpass the public funding, party officials and outside experts agree.

Robert A. Farmer, chief fund-raiser for Mr. Dukakis, said he intends to raise an additional \$50 million. The Republican Party says to raise \$18 million that can be spent in 20 states it considers crucial and "substantially more" than that for other states.

"Hard money" accounts are being set up on the national and state party levels to receive funds raised according to federal limits, including the \$8.3 million each national party is allowed to spend on its presidential ticket.

Under federal law, an individual can give \$1,000 to a presidential candidate for the primary season, \$20,000 to a national party and \$5,000 to a state party's federal account.

The parties also are preparing accounts to receive so-called "soft money," or funds that are not raised under the federal legal requirements. This includes individual donations that exceed federal limits as well as corporate and union treasury donations. Soft money cannot be used by the campaigns but can be used for grassroots party-building activities, such as producing generic advertisements, organizing voter registration and getting out the vote.

A conservative political action committee announced last week that it was starting a \$10 million advertising drive for Mr. Bush. The Bush campaign, however, said it does not want the help of the National Security PAC, which it said preys on the elderly in its direct-mail solicitation, and filed suit to stop the committee's efforts.

Two Democratic consultants, Brian Lunde and George Burger, are trying to raise at least a few million dollars for television commercials supporting Mr. Dukakis in a several swing states in the Midwest.

Also, unions and corporations can spend unlimited funds to "communicate" with their members or employees. Friends of the parties can raise money for tax-exempt, "nonpartisan" voter registration drives.

Herbert Alexander, who has long studied campaign financing, estimated that the bulk of fund raising from now until November may raise the cost of the 1988 presidential election cycle, including prima-

ries and conventions, to nearly \$500 million. In 1984, an estimated \$325 million was spent.

"This means the expenditure limits are not very meaningful," Mr. Alexander said, referring to the ceilings each candidate agrees to in return for public financing.

Mr. Dukakis leads in the poll, a Gallup poll released Monday showed Mr. Dukakis with a 13-point lead over Mr. Bush, 53 percent to 40 percent, with 7 percent undecided. The Associated Press reported.

The survey, based on interviews May 13-22 with 3,021 adults, had a margin of error of 2 percentage points. The results correspond with those of other surveys that have put Mr. Dukakis's edge at 10 points or more.

But the poll, conducted for Times Mirror Corp., also indicated that Mr. Dukakis's lead came more from voters' negative feelings about Mr. Bush than from positive impressions of the Democrat.

Meanwhile, the Reverend Jesse L. Jackson struck a conciliatory tone in a televised interview on Monday concerning the Democratic Party platform completed over the weekend at meetings in Denver.

Mr. Jackson's calls for raising taxes on the rich, freezing the Pentagon budget, pledging no first use of nuclear weapons and supporting a Palestinian homeland all were rejected by the writers of the platform.

Nonetheless, Mr. Jackson said Monday on an ABC television program: "In some measure, our mis-

sion is to find common ground in the committee structure."

"Where that cannot take place," he continued, "we'll take it to the floor and simply let the people air it out in the public."

He added, however: "Let's look at the plus side. There is language in that platform about a pension fund, a reinvestment plan, that's a step in the right direction. A commitment to fight drugs, a commitment to a new Soviet-U.S. approach to Third World development, a commitment to ending apartheid in southern Africa."

Democratic officials, meeting Saturday in Washington, agreed to an overhaul of party rules, which Mr. Jackson hailed as a "victory for the people" and "a victory for democracy."

Under the agreement, the number of "super delegates" to the party's 1992 convention will be cut nearly in half, and the other delegates would be awarded to presidential candidates in proportion to public support.

During the primary season, Mr. Jackson criticized delegate-selection rules, complaining that his delegate total did not reflect his proportion of the popular vote.

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Smiling Duarte Leaves a Troubled Legacy

By Douglas Farah
Washington Post Service

SALVADOR — As President Napoleón Duarte underestimates for what is deemed a terminal cancer in the States, his era in El Salvador, leaving most of the problems that were tearing entry apart when he was four years ago.

His closest advisers say that Duarte, 62, returns, his condition will make him head with little real power.

have a crisis on all levels, increasing violence and political confrontation," said Colonel Antonio Vargas, head of the military. "This plus the vacuum caused by the military's illness, makes this one of the most difficult periods I have known in the past seven years."

President Rodolfo Castillo, who departs for Madrid in an interview last week, said young military officers are far right were trying to oust a coup.

General Adolfo Blandón, military chief of staff, said earlier this month that some younger officers were meeting with sectors of the rightist Nationalist Republican Alliance (ARENA) "to possibly plan a coup that would break the democratic process."

Mr. Duarte has dominated Salvadoran politics since 1980. He was a key player in a U.S.-backed counterinsurgency experiment aimed at building a democratic alternative to a Marxist-led revolution.

Mr. Duarte and his Christian Democrats were hailed in the United States as the only political moderates capable of enacting populist reforms to undercut the appeal of the rebels, while retaining in shadowy rightist death squads and a military known for its brutality.

Now, in the last year of Mr. Duarte's five-year term, his Christian Democrats are split and were beaten in recent legislative elections. Human rights abuses, after showing a sharp drop, are rising,

and the far right, with some of its leaders linked to death-squad activities, is gaining ground. The war against the rebels, which has claimed an estimated 65,000 lives, continues.

Instead of a smooth transition from Mr. Duarte's administration to a strong, newly elected government in June 1989, the country has a restive military and a weak caretaker cabinet with no one clearly in charge, according to officers, government officials and diplomats.

Mr. Duarte, after heading a civilian-military junta from 1980 to 1982, was popularly elected in 1984 after promising to negotiate an end to the war and reverse the steep economic decline.

But Mr. Duarte's failure to carry out his promises, along with numerous charges of corruption and incompetence in his government, and U.S. pressure for unpopular economic measures, have resulted in declining popularity for the president.

The right could never forgive him for presiding over the sweeping

land, bank and commerce reforms that stripped the landed rich of much of their power.

Peasant and labor groups that initially supported him felt betrayed when he failed to end the war, show independence from the United States or prosecute human rights abuses.

In El Salvador's highly polarized society, coalition building has proved impossible. Even the president's leadership of his own party was left in doubt when his pleas for unity went unheeded and the party split.

Although Mr. Duarte had enjoyed unusual bipartisan support and popularity in the U.S. Congress, when he left El Salvador for cancer treatment there was little evidence of public grief.

"It is almost like he is already completely forgotten," said a West European diplomat. "It is really very chilling."

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WORLD BRIEF

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For the Record

3 More Airlines to Fly

Spanish Customs Insp...

DRONES SHED

OPINION

INTERNATIONAL Herald Tribune

Off to Central America

As Secretary of State George Shultz embarks Wednesday on a four-nation swing through Central America, he has two main options: He can work with regional allies to revive the now suspended talks between contras and Sandinistas...

How Much for Clean Air?

About 100 American cities and metropolitan areas, including Washington, fall short of the Clean Air Act's standards. If Congress does not pass another extension this summer, federal compliance standards will begin to bite on Aug. 31...

Other Comment

Toward the Breaking Point

Vietnam is not easy to understand. Much of what goes on in the country is so shrouded in secrecy that one can be forgiven for failing to notice an important political struggle that took place behind the scenes recently...

Better Times for Dukakis

The hawks are beginning to ruffle their feathers on both sides of the Atlantic. They see a Dukakis presidency beginning to take shape, and they do not like it. That distress is compounded by the sudden perception that Ronald Reagan, as his paring gift, has shot the Republican Party in the foot...

overseas act, to stop propping up convenient dictatorships within a sphere of influence, to take action against South Africa, to put real concern for human rights at the heart of policy formation...

A Plan for New Caledonia

France's new government is to be commended for achieving a quick agreement on New Caledonia. Speed was essential to avoid a further decline into violence of the kind that the former Chirac administration provoked by favoring the claims of one community over those of the other...

Going Easy on Waldheim

It is all so sad. John Paul said it well when he called Nazism a "mantic ideology." He is the same pope who broke precedent by visiting a synagogue in Rome. Perhaps he mutes his words out of respect for the Austrian president, if not for Kurt Waldheim himself...

Retired or Demoted but Still There to Block Reforms

By Jerry Hough

WASHINGTON — At this week's Communist Party conference, Mikhail Gorbachev faces a problem that would worry any politician: a growing pool of deposed officials who still hold seats in the party's governing body...

On the surface, there can seem to be little reason to hold a party conference just now; the gathering of the 5,000 delegates in Moscow this week — the first of its kind in 47 years — can make few decisions that are not already within the authority of the 300-member Central Committee...

What it cannot do is add new members to its ranks. That power in recent years has been reserved for party congresses, held every five years. It is unclear what this week's conference will do, but Soviet analysts have been arguing for more than a year that its principal purpose must be to consolidate Mr. Gorbachev's sway in the Central Committee...

Except for 24 token workers and peasants, the committee is composed of the country's top officials. Many of them, singly or collectively, have been the target of Mr. Gorbachev's reforms. Even after they are retired or demoted from their party or government positions, they typically remain on the Central Committee...

The Armenian and Azerbaijan party secretaries who were fired after the disturbances in Transcaucasia, as well as the two top generals who were dismissed when a small plane landed in Red Square, are still voting members of the Central Committee. Each would have a vote if a showdown occurred between Mr. Gorbachev and his enemies...

At least 51 voting members have been retired or demoted to jobs that normally would not warrant Central Committee membership — 17 percent of the total. This group undoubtedly includes some Gorbachev supporters, but for the most part its members, with an average age of 69, are unlikely to be reform-minded, and many have personal grievances against the general secretary...

This does not mean that Mr. Gorbachev does not now have control of the Central Committee. If he did not have a majority, he would be unlikely to risk convening a party conference. If he had not had a majority in 1984 and 1985, he would never have been elected general secretary in the first place...

beijing, Estonia, Lithuania and Uzbekistan) and 25 of the 76 regions whose first secretaries were elected voting members in 1986 do not now have a representative on the Central Committee because of recent personnel changes...

The Central Committee meets on the party conference published on May 27 contain one crucial line suggesting that Mr. Gorbachev won: "In order to secure a constant stream of fresh forces into the Central Committee, the possibility of a partial renewal of membership in the period between congresses is foreseen..."

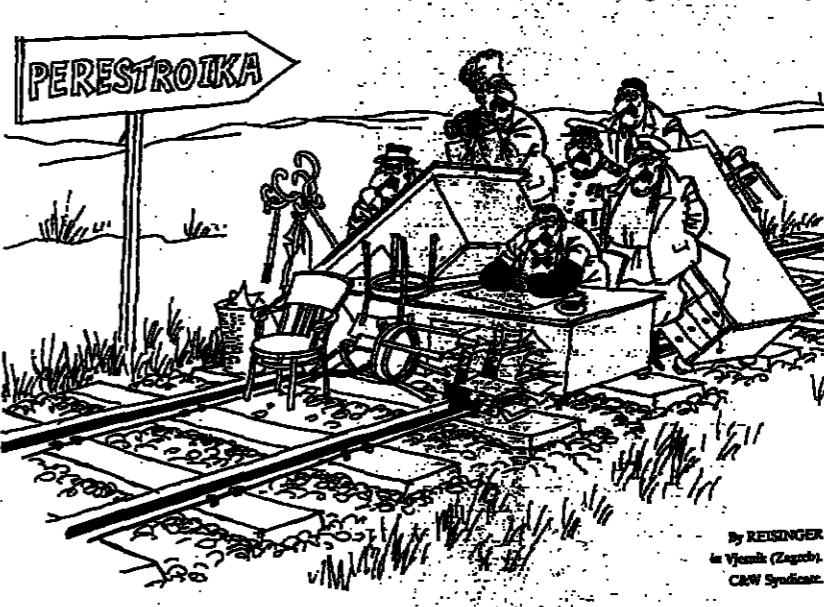
It seems probable that at least some of the lame ducks will "voluntarily" retire in the course of the conference and that candidate members will be elected to replace them. It is also possible that the newly named first secretaries of, say, Armenia and Azerbaijan will plead in the name of "democratization" that they — and not their discredited predecessors — should represent their constituencies on the party's supreme policy-making body...

The crucial question is Mr. Gorbachev's relationship with the regional party first secretaries, who basically seem to control the delegations to the conference...

The delegates have been "elected" by party committees of the regions, the small republics, Moscow city, Kiev city and groups of

Soviet troops abroad. "Work collectives" make the nominations that are then winnowed down by party committees at a local level. In the past, nominations were as organized and "unanimous" as elections, but this year the process was much livelier and in some areas contentious...

In the final analysis, the regional party committees seem to have "elected" virtually all the delegates they originally intended to pick. Moscow intellectuals, many of whose candidates were rejected by the Moscow city committee, raised the alarm, citing the rejections as a defeat of reform and Mr. Gorbachev...



By REISSNER in Moscow (English) and SPYGLASS

Moscow Is Making Progress on Human Rights

By Abraham Brumberg

MUNICH — For the first time, human rights are not merely a Western concern but a subject of intense Soviet interest as well. The issue has elicited a spate of spirited articles in the Soviet press, and it figures prominently on the agenda of the party conference now meeting in Moscow...

Of nearly 600 political prisoners in 1985, more than half have been released, and more are being freed every month. The number of prisoners sentenced for practicing their religious beliefs has dropped from 400 to 200. The government still does not recognize emigration as an inalienable right, but the number of Jewish emigrants has risen sharply and others, too, are finding it easier to leave...

All this — and more — has not turned the Soviet Union into a Rechtsstaat — that is, a system firmly grounded in the rule of law. No bets are safe until those "unanswered" are enquired and implemented. But the general direction of the changes is encouraging...

tion has no role to play in monitoring and evaluating the Soviet performance in human affairs to public account. But it would be far more appropriate to do it indirectly, through the international mechanisms set up for that purpose, such as the periodic Helsinki conferences...

The United States would be well advised to recognize that Mr. Gorbachev and his allies are the major agents of change in the Soviet Union, and that any policy pursued by the United States must be based on a consideration of effectiveness no less than of moral consistency. The Soviet objection to using a summit as a public courtroom is a case in point. Would the U.S. government (and the U.S. public) still sit, say, Mr. Gorbachev, during a visit to Washington, were to dwell on the sordid history of the FBI's harassment of suspected "subversives" or if he lambasted the president for his role in the Iran-contra affair?

This is not to say that Washington has no role to play in monitoring and evaluating the Soviet performance in human affairs to public account. But it would be far more appropriate to do it indirectly, through the international mechanisms set up for that purpose, such as the periodic Helsinki conferences...

The Mandate Is for Problem Solving in Lieu of Grand Designs

By Jim Hoagland

PARIS — "We French are becoming just like you Americans in politics," a Parisian acquaintance says, pride and exasperation mingling in his voice. He is describing the jumbled results of four Semesta of voting for president and parliament here, from April 24 to June 12, as the turning of a quasi-monarchical system into one of checks and balances...

formed around Mr. Barre would play the role of the system's balance wheel between right and left as the liberal Free Democratic Party does in Bonn. Mr. Barre could aspire to chart policy in European and economic affairs, much as the FDP's Hans-Dietrich Genscher does on foreign policy...

Mr. Barre on a plan for constitutional reform, this is the direction Mr. Mitterrand would like to move in. Items that the president would like to see changed and enshrined in the constitution include broader presidential powers to call referenda on political and social issues, a new proportional voting system for the National Assembly, protection for national television and radio networks and a reduction of the presidential term to five years...

The Twelve Plus Austria and Norway?

By Giles Merritt

B RUSSELS — Soon, the 12 countries that make up the European Community may number 13 or even 14. But might not an even larger Community lose its political unity and sense of purpose? The EC is already twice the size of the original six-nation grouping, and many would argue that it has sacrificed decisiveness in the process...

ropes is also a calculation that EC analysts are beginning to make. In a significant move this month, the EC and Comecon have at last recognized each other, and they seem to be on the threshold of a new era of economic and industrial cooperation...

The fact that Austria is culturally closer to Czechoslovakia, Hungary and the Balkan states than to the EC countries could be of great value. A fourth enlargement would have other implications. Austria and Norway would leave EFTA, the European Free-Trade Association, as a rump inhabited by Sweden, Finland, Switzerland and Iceland. As these countries are already overhauling their domestic rules on trade and finance to conform with those of the EC's 1992 master plan, the likelihood is that each will build a stronger bilateral relationship with the EC and that EFTA will wither and eventually die...

The candidates are Austria and Norway, although neither country has so far openly declared itself. The one country that has lodged a membership application is Turkey, and that is another story altogether. The process of "enlarging" the Turkish bid could easily take 10 years or more, whereas the economic case for welcoming Austria and Norway is evident...

Austria has let it be known, in comments to a West German newspaper by Economics Minister Robert Graf, that it will be making formal application for EC membership in the second half of 1989. The government has yet to make an official decision, although the public mood seems powerfully in favor. "Austrians today are fascinated by the phenomenon of European integration," says Wolfgang Wolke, Austria's ambassador to the EC...

Critics point to the EC's possible future development as a "defense-industrial community," and say that in security terms Austria would be part of the Western bloc; they soon the argument that Ireland has shown that being neutral is not incompatible with EC membership, saying that Irish neutrality stems from anti-Britishness...

The truth of the neutrality question is probably that it will be seen as an irrelevance both in the Kremlin and in most of the capitals of Europe. In military terms, little if anything would change, and in economic terms there could be substantial advantages. The attitude in Mikhail Gorbachev's Russia is more likely to be that Austrian membership in the EC could provide a new economic and cultural bridge between Eastern and Western Europe...

limits placed on his powers. But now that it has happened, he is prepared to make the best of it. At 71, he is in tune with his times, which have rapidly become an era of playing it safe. With the Russians and inflation at bay, the West is witnessing a transition from governments of grand designs and larger than life political figures to day-to-day management by unexciting problem solvers...

Americans contemplating the departure of Ronald Reagan and the arrival of George Bush or Michael Dukakis at 1600 Pennsylvania Avenue already recognize the American dimension of this global phenomenon. In West Germany, Chancellor Helmut Kohl spends his time squabbling with his right wing over tax breaks for private aircraft rather than brooding and lecturing others about the fate of the free world's economy and defense, as did his predecessor, Helmut Schmidt. In Italy, Prime Minister Ciriaco De Mita struggles to come out of the shadow of Bettino Craxi...

Mr. Mitterrand and Mr. Barre are being drawn together by a common sense of how limited Franco's room for maneuver is today. West Germany's expanding economic domination of the European Community and particularly of countries that have their currencies tied to the mark, as France does, is the most important economic fact of life in Europe today. The French would probably gladly accept 10 percent inflation in return for better growth and a sharp reduction in unemployment, but the need to keep monetary and economic policy aligned with West Germany's rules that out...

History shapes leaders at least as much as leaders shape history. It is not that we have entered an era of limited room coming to power; we have entered an era that brings forth those best suited to manage limited conflicts and to limit the risk-taking in politics and ideas. The discrediting of totalitarian socialism and revolution as political ideals during the past decade has helped produce a greater degree of consensus in the Western world than at any time since World War II. The essential if unglorious task now is to maintain that consensus.

that he proposes to make a flight from Atlantic City, N.J., across the ocean to Ireland. He says, "The novelty of my enterprise lies in the use of frozen fuel. I propose to take on enough petrol for half of the trip, picking up the remainder from a boat stationed on the high seas."

1938: Ships Bombed LONDON — Two more British merchant ships were bombed in Spanish ports today (June 27), bringing closer the hour when the Chamberlain government will be forced by the rising tide of public opinion in this country to take strong action to halt Germany's repeated attacks on British shipping. Bombing assaults on British ships by Franco's forces now total 57. Public opinion in England, Scotland and Wales is becoming increasingly restive as General Franco and his allies continue to treat ships flying the Union Jack with contempt that was unknown in the days when Britannia really ruled the waves.

100, 75 AND 50 YEARS AGO

1888: Tunnel Rejected

LONDON — The House of Commons this evening (June 27) by 307 to 165 (a majority of 142), by beating Sir Edward Watkins' Channel Tunnel Bill, agreed that England could not safely watch a hole thirty feet in circumference as against the possibilities of "French invasion." Although the subject matter had become as stale as the Panama and Nicaragua Canals, there was great interest excited by the fact that Mr. Gladstone had recanted his old opposition to the scheme and would now support it. This he did in a speech, in which he argued that there was a manufactured panic against the scheme, but that in honor we had already agreed with France to perfect it.

1913: Flight Proposed

NEW YORK — Mr. Frank Clifford, from England, who landed here today (June 26) from the Cunard liner Mauretania, told the correspondents

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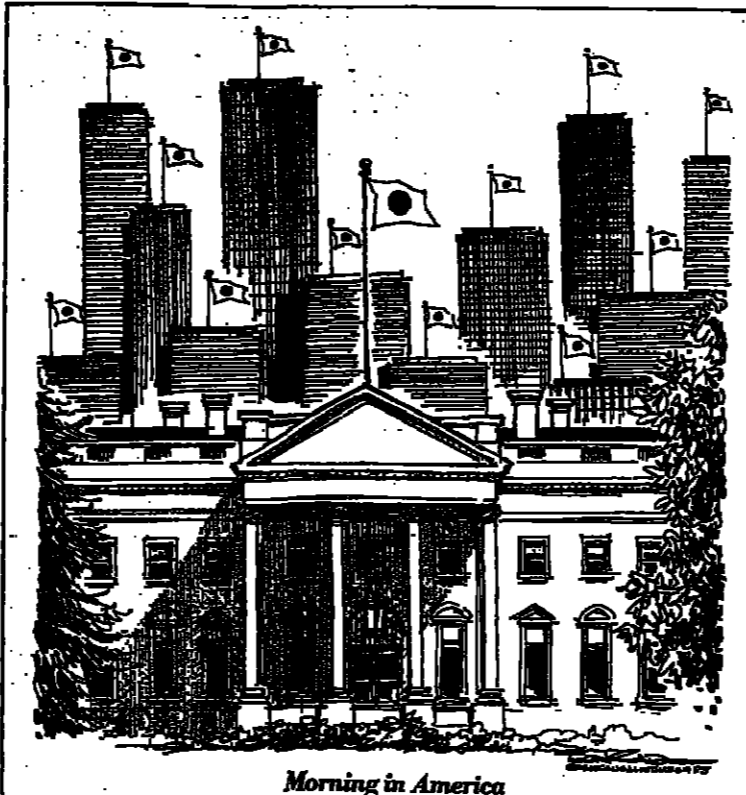
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OPINION

Taxes Are an Election Issue And Dukakis Is Dodging It

By William Safire

WASHINGTON — We are now vividly presented with evidence of deep difference between George Bush and Michael Dukakis on the issue of taxing and spending. We've run into a rather modest expected shortfall, said Governor Bush, about a \$200 million deficit in the Massachusetts budget, which must be balanced. ...



Morning in America

Fighting the Jungle With Flowers

By Carolyn Kraus

DETROIT — Adelaide Street starts at the Stone Adair XXX Theater on Woodward, Detroit's main boulevard, then runs for two blocks past stripped cars, \$6-a-night flophouses and gutted hulks of Victorian mansions, and stops at the boarded-up Stephen Foster Elementary School. ...

LETTERS TO THE EDITOR

Hong Kong's 'Screening' Policy for Refugees Is Wrong

Regarding "Don't Forget the Victims" (June 24) by Elizabeth Becker: It is wrong to describe Hong Kong's new policy of "screening" arriving Vietnamese boat people as "moderate" and "humane." The policy is brutal. ...

THE APATHY of landlords, police, city officials and others who are in a position to help clean and beautify the city is a common source of frustration among the downtown gardeners. ...

Do the Foolishness

IT IS simply, Ronald Reagan's plan for reducing the size of the government was to create a fiscal deficit. He did this by cutting revenues and making a matching cut in expenses. ...

So Much for Finlandization

Until it was pointed out by Max Jakobson in his June 10 opinion column ("So Much for Contempt"), and despite President Reagan's May 27 address at Finlandia Hall in Helsinki, something had escaped the notice of the world public. ...

Advertisement for Shanghai Hilton International. Includes headline 'AS CHINA OPENS HER DOORS TO THE WORLD, THE SHANGHAI HILTON INTERNATIONAL OPENS ITS DOORS TO YOU.', a photo of a couple, and a 'PRIZE BREAKDOWN' table for the Lotto 6/49 lottery.

Advertisement for Lotto 6/49. Includes headline 'BE A WINNER!', 'Play Lotto 6/49—Canada's Favorite Government Lottery', and a detailed 'ORDER FORM' for purchasing tickets.

Untouchables' Leader Shakes Up India

By Steven R. Weisman
New York Times Staff

NEW DELHI — Anyone who finishes third in a local election in India can usually start thinking about retirement.

But the recent third-place showing in a parliamentary race by Kanshi Ram, a fiery champion of the rights of untouchables and other low castes, was strong enough to shake India's political establishment and force the country's leadership to pay attention to his demands.

"Let the upper castes look on us as a creeping poison," Mr. Ram said the other day, savoring his capture of nearly 20 percent of the votes. "We have initiated a new process in a big way. We will not stop until we wipe the victims of the system and overthrow the spirit of inequality in our country."

Graying and heavyset, Mr. Ram, 54, does not look like a rabble-rouser. But depending on one's point of view, he is today either a new hero of the downtrodden or what a leading magazine called "nothing but a fascist castelist."

Caste identity has existed for thousands of years in the subcontinent, reinforced by foreign invaders, who used the system to oppress those they conquered. Its persistence is testimony to the pull of tradition and the Hindu concept of acceptance as the means to achieve a better status in a future life.

Many experts agree that Indian political stability has also been helped because lower castes and the minority groups, including Muslims, have generally voted for the Congress Party, which has ruled the country for most of the time since independence in 1947.

The Congress Party brought benefits for the lowest castes, including a broad quota

system guaranteeing them a fixed number of jobs and places in higher education.

Despite some advances, caste discrimination remains pervasive in India, even though it is illegal. Perhaps a quarter of India's nearly 800 million people are in the lowest castes, most living in the worst conditions of poverty.

The parliamentary race in the northern Indian district of Allahabad on June 16 was won by Vishwanath Pratap Singh, a former cabinet member who waged a campaign based on charges of corruption in government. His triumph with 56 percent of the votes in India's populous Hindi-speaking heartland, the longtime constituency of the Congress Party, made it likely that he will lead the challenge against Prime Minister Rajiv Gandhi in the next general election.

The Congress Party came in second, with only slightly more votes than Mr. Ram. Party leaders are now worried that if he duplicates or builds on his support, Mr. Gandhi could lose the election by the end of next year.

The nature of Mr. Singh's victory in Allahabad makes the future all the more unpredictable. Mr. Singh, the scion of a princely family whose nickname is The Rajah, unexpectedly made great headway among the lower castes and Muslims. Most striking was the fact that Muslims, angered at the way Mr. Gandhi's government handled anti-Muslim riots last year, voted en masse for Mr. Singh, who also had the support of rightist Hindu fundamentalists.

Politicians said the results meant that Mr. Singh and Mr. Gandhi will be competing hard for the same votes. Many expect that eventually Mr. Ram will make a deal with one or the other in return for some kind of favors, much the way some low caste leaders did in the 1970s amid charges of "sellout."

Mr. Ram denied that he had any such intention, terming the prime minister and his main foe "a snake and a serpent" with no difference between them. "We will be the mongoose, winning against both," he added, asserting that the lower castes constitute an 85-percent majority in India ready to seize power.

That percentage is widely considered a gross exaggeration. In any case, it papers over the fact that many nominally lower castes are actually castes of small landowners who have made economic gains and look down on the lowest of the low.

Mr. Ram asserts that his organization — the Bahujan Samaj, or Party of the Majority — has drawn its more than 300,000 workers from all varieties of lower castes. But politicians agree that rivalry among lower castes makes his organizing job especially difficult because more established parties will be able to exploit the differences.

Mr. Ram is himself well-educated and learned English in college. He grew up in a low-caste but somewhat well-to-do family of Sikhs and he renounced the Sikh practices of wearing a turban or growing his hair when he was in college.

Nominally, Sikhism calls for an end to caste, but caste identity is so strong that it persists among many Sikhs, as it does among many Muslims and Christians. In the 1950s, Mr. Ram's family caste was listed as a low caste by the government, entitling it to benefits.

The action led to discrimination while he was in the army, according to Mr. Ram, and he decided to dedicate himself to the cause, later renouncing the idea of marriage, personal property and family obligations. "Through my actions, behavior and personal style, I must induce austerity," he said.



Firemen and policemen working at the site of the train crash Monday in Paris.

TRAIN: 22 Feared Dead and 24 Hurt in Paris Crash

(Continued from Page 1)

driver of the stationary train that was about to depart.

The crash occurred at 7:10 P.M. when a train coming from Melun, south of Paris, smashed at high speed into the back of a train that was about to draw out from an underground platform.

The force of the collision split the last two cars of the stationary train.

Most of the dead appeared to have been on the train that was waiting in the station for departure to Villeneuve-Saint-Georges.

The body of the driver of the incoming train was one of the first to be dragged from the wreckage.

One survivor said he heard a scream from the driver over the train's intercom just before the crash.

Commentaries on French television and radio suggested contradictory reasons for the crash. Some reporters cited brake failure that sent the incoming train onto the wrong track as it jumped over a switch at breakneck speed.

Others said the stationary train should have left the station earlier and that passengers were boarding at the time of the crash.

Debris reached up to the ceiling and some mangled bodies were on the platform.

Rows of stretchers lined the platform as rescuers gave transfusions to those still trapped and attempted to wrap them in reflective blankets in an effort to ward off shock.

About 250 rescue workers struggled to pull people from the wreckage. Forty fire engines, 15 ambulances and a helicopter were at the station to transfer the injured to hospitals.

Rescue helicopters were landing near the site of the crash to ferry out the injured.

Justices Rule on Ignorance of Law Big Factor in Defense Firm

The Associated Press

WASHINGTON — The Supreme Court gave defense contractors a significant protection Monday against lawsuits by people who accuse them of making defective equipment that causes death or injury.

The justices, by a 5-4 vote, refused to restrict a \$725,000 award to the family of a Marine helicopter co-pilot who died in 1983 crash in the Atlantic, near Virginia Beach, Virginia.

The court said companies are not to be sued when they make military equipment using a design approved by the Pentagon, as long as the contractors did not conceal a potential hazard from the government.

The Supreme Court previous has ruled that members of the armed services may not sue a government directly over injury suffered in connection with the military service.

Justice Antonin Scalia, writing for the court, said state laws with varying personal injury suits generally pre-empted by the "federal government's need to make unaltered military decisions."

Justice Scalia said suits against contractors are barred when the Pentagon approves reasonably precise specifications, the equipment conforms to those specifications and the supplier warns the government about potential dangers of equipment poses.

In a dissent, Justice William Brennan said "the court's new discovered government contract defense is breathtakingly sweeping."

He said "this court lacks the authority and expertise to fashion such broad protection for contractors, "whether to protect the liability of the United States or its officers of industry."

The ruling also could have bearing on the U.S. shuttle disaster. Some lawyers have argued for granting military contractors the protection from lawsuits who shield Morton Thiokol Inc. suit of the shuttle.

Monday's case stemmed from a federal jury award of \$725,000 to the family of David Boyle, a pilot of a CH-53 helicopter, who died April 27, 1983, in a crash of a CH-53 helicopter.

The 4th U.S. Circuit Court of Appeals in May 1986 threw out a award against the helicopter manufacturer, Sikorsky Aircraft Inc. and its parent company, United Technologies Corp.

But in some respects, the ruling appears to give military contractors legal protection that goes beyond the ban on suits by members of the armed forces for injuries suffered in connection with military duty.

The court extended the protection for contractors to cases which civilians are injured.

In other cases:

- The court gave common law broader power to ban picketing private residences. By a 6-3 vote the court said such bans do not necessarily violate free-speech rights. The decision was a defeat for anti-abortion activists who were barred from picketing a doctor's home in the Milwaukee suburb of Brookfield, Wisconsin. The ruling could also prevent a significant setback for unions locked labor disputes.
- The court loosened the requirements for law enforcement agents to first obtain court warrants before conducting searches on private property. The justices, 4-3, ruled that evidence initially discovered during an unlawful search sometimes may be used at trial if the same evidence "rediscovered" during a second lawful search.
- The court said federal judges have substantial authority to award fees to lawyers who sue against the government. The justices, voting 6-2, said a California anti-poverty law firm is entitled to recover legal fees for successfully challenging the withholding of federal housing subsidies.

YANKS: Anti-American Sentiment Is Burgeoning in the Pacific Basin

(Continued from Page 1)

pressure on trade and on exchange rates.

The United States is still Southeast Asia's largest and most important trading partner. But Washington's concern with its mounting trade deficit and a growing mood of protectionism in Congress has led the administration to pressure some Asian countries to reduce their trade surpluses with the United States. With most of the region's economic success derived from an export-led growth strategy, which is dependent upon the U.S. market, some countries react heatedly to any hint of increased U.S. trade barriers.

Under the trade preference system, since 1976 the United States has allowed duty-free access to some manufactured goods from developing countries. But as countries become economically stronger, Washington comes under more domestic pressure to "graduate" them from the preferential club.

Also, some U.S. actions, such as subsidizing international sales of U.S. wheat to aid American farmers, are taken in Southeast Asia as a direct affront to the economies of countries in the region, most of which are heavily agricultural and dependent upon commodity exports for their survival. U.S. quotas on sugar imports from the Philippines, U.S. rice subsidies and proposals in Congress to restrict textile

imports from Thailand and Indonesia have produced friction.

At the same time, the Reagan administration has maintained pressure on Asian countries to pass laws that protect intellectual property. This is aimed at stopping the common Asian practice of selling counterfeit versions of cassette tapes, videos, computer programs, designer clothes, watches and handbags.

Singapore, under an informal agreement with Washington, passed a copyright law in return for the right to keep its preferential trading status with the United States. But in January, a few months after the bill was passed, Singapore was dropped from the U.S. preferential trade system.

Analysts said the new anti-Americanism appears to be rooted in an Asian perception of the United States as an economic empire in decline, because of the drop in the dollar's value and the persistent U.S. budget and trade deficits.

They see the United States, with its twin deficits, as a fading nation, said a Western diplomat.

"There is a perception that the United States is having economic problems and may be fading. The Paul Kennedy book had a lot of impact here."

The diplomat was referring to "The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to

2000," a best-selling book by Mr. Kennedy, a Yale historian.

Japan, however, is viewed more positively throughout Southeast Asia as a nation in economic ascendancy, with the yen replacing the dollar as the currency of choice in some countries in the region.

The anti-Americanism also comes at a time when the Soviet Union appears to be making its first tenuous inroads into a region that has long regarded Moscow with distrust. Mikhail S. Gorbachev's domestic reforms, the start of the Soviet troop withdrawal from Afghanistan and the widely held perception in Southeast Asia that Moscow has prevailed upon Vietnam to begin withdrawing its troops from Cambodia have contributed to creating a more positive image for Moscow in the region.

The disputes with Washington also suggest that some Southeast Asian politicians and journalists recognize that strong political currency can be gained by leaning Asians' traditional distrust of foreigners, particularly Westerners.

In Singapore, after the United States revoked trading privileges, protests organized by the government-controlled National Trade Unions Congress turned anti-American. Prime Minister Lee was prompted to warn in a letter to his cabinet: "We have to constantly bear in mind that xenophobia, especially against whites, is deeply

embedded in the subconscious of our people, especially the Chinese."

In the Philippines, where the 1986 "People Power" movement that helped overthrow Ferdinand E. Marcos unleashed a strong nationalist current, the new mood appears to have slowed negotiations over the future of U.S. military installations there.

Anti-American sentiment seems out of place in the Philippines, which is one of the most Americanized countries in the developing world.

But the U.S. government has a history of intervention in the Philippines. Even the final act of U.S. intervention — providing the plane to fly Mr. Marcos to exile in Hawaii in February 1986 — was viewed by some as U.S. meddling in Philippine affairs.

Southeast Asian countries have prospered partly because the United States has provided the region's defense umbrella through Clark Air Base and Subic Bay Naval Station in the Philippines. Washington sees those bases as vital for protecting sea lanes and for countering Moscow's military buildup at Cam Ranh Bay in Vietnam.

But the Philippines is the poorest country in Southeast Asia, and some Filipinos believe that the country has been shortchanged on the region's economic success, even while putting up with the political problem of hosting the bases.

FLIGHTS: U.S. Drafts Rules

(Continued from Page 1)

expected to be formally proposed by early next year and would take effect in the early 1990s.

The Aloha jet was crashing at an altitude of 24,000 feet (7,300 meters) on a flight from Hilo to Honolulu when an 18-foot section of the upper fuselage ripped away.

A cabin attendant was swept to her death and 61 of the other 94 people on board were injured. The crew of the plane, which continued to shed pieces of structure, was able to make an emergency landing.

Major concerns among FAA officials about problems presented by aging aircraft date to 1978, when the agency required manufacturers to prepare special inspection programs "to assure the structural integrity" of their planes.

In earlier years, as FAA reports point out, "geriatrics never became a structural integrity issue" because earlier planes tended to be retired because of obsolescence before they began to show the effects of old age. More modern jets have tended to be kept in service for considerably longer than the period envisaged when they were first designed.

The Aloha plane's high number of takeoffs and landings meant heavy exposure of the fuselage to the stresses of metal fatigue. Such stresses are imposed every time air is pumped into the cabin after takeoff to keep the cabin pressure near sea-level conditions and every time it is released before landing.

Mr. Straus said, "He says that nobody's been in touch with him. He has not been asked, nor have any of his representatives been asked, for permission to do 'Cancer Ward.' Therefore he cannot and will not react with either pleasure or displeasure until he is formally propositioned and told what they want to do and when and where."

Novy Mir May Publish 2 Solzhenitsyn Novels

Compiled by Our Staff From Dispatches

MOSCOW — A spokesman for the Soviet literary journal *Novy Mir* said Monday that negotiations were under way for the publication in Moscow of two long-banned novels by the exiled Russian writer Alexander Solzhenitsyn.

"Everything should be clear in about 10 days," the spokesman said. "We are in the midst of bilateral discussions."

But Mr. Solzhenitsyn, speaking in Cavendish, Vermont, denied that he was negotiating with the Soviet journal to publish his novel "Cancer Ward," one of the two novels cited by *Novy Mir*.

He did not mention the other work, "The First Circle."

It was not clear with whom *Novy Mir* was negotiating.

Mr. Solzhenitsyn does not generally speak to reporters, but at the request of The Washington Post, Mr. Solzhenitsyn's publisher, Roger Straus of Farrar, Straus and Giroux, called the author in Vermont.

Mr. Straus said, "He says that nobody's been in touch with him. He has not been asked, nor have any of his representatives been asked, for permission to do 'Cancer Ward.' Therefore he cannot and will not react with either pleasure or displeasure until he is formally propositioned and told what they want to do and when and where."

Republishing of *Novy Mir*, which was founded in 1925, works have been published of many Soviet writers who were executed or suppressed under Stalin in the 1930s and 1940s as well as of long-taboo Russian authors living in the West.

This year, works by writers who left the country under Mr. Brezhnev's rule to live abroad, have also begun to appear, including poetry by the Nobel literature laureate Joseph Brodsky and the late Alexander Galich.

(Reuters/WFP)

NIGERIA: Benefits of Absolution for the Ibo Tribe

(Continued from Page 1)

was born and civil war broke out. Before the war ended, an estimated one million people had died.

Three years ago, in the small West African nation of Liberia, an abortive coup again demonstrated the enduring power of tribal logic.

Inquiry Is Urged Into Irish Deaths

The Associated Press

LONDON — Amnesty International says that existing rules are inadequate for preventing "unlawful killings" by security forces in Northern Ireland and it has called for the British government to set up a judicial inquiry.

In a report to be released Tuesday, the human rights organization cited 25 deaths of unarmed people, most of them Roman Catholics, at the hands of security forces in disputed circumstances since 1982.

Amnesty said an inquiry was "vital to ensure that effective procedures and safeguards are instituted."

Its report focused on six deaths in 1982 that have prompted accusations that police were operating a "shoot-to-kill policy" against suspected guerrillas. The report said the police subsequently covered it up and obstructed an independent official investigation. The government has refused to set up a judicial inquiry, saying the police and army are best equipped to investigate disputed incidents.

Rich Nations Condemned By Brundtland

The Associated Press

TORONTO — Prime Minister Gro Harlem Brundtland of Norway on Monday accused wealthy nations of playing "lethal games" with the Earth's life-support system.

She offered a plan to combat the greenhouse effect and protect the atmosphere.

In a keynote address to the Canadian-sponsored World Conference on the Changing Atmosphere, Mrs. Brundtland spoke to more than 300 delegates from 40 countries.

She said that "the impact of climatic change may be greater and more drastic than any other challenges that mankind has faced with the exception of the threat of nuclear war."

She called for a "new global ethic" in which protection against pollution, ozone depletion and acid rain would be a prerequisite for economic development.

Her plan included development of renewable energy sources in the next century; the transfer of modern, low-polluting technologies to Third World countries; more research on climatic change; and consideration of a global convention on protecting the atmosphere.

SOVIET: Aides See 'No Surprises'

(Continued from Page 1)

since been debated intensely in the media and society.

Among them is a suggestion to limit all party and state officials to a maximum two terms in office, with a possible third term if the electing party forum agrees.

Some Armenians Strike

Some Armenians in the Nagorno-Karabakh Autonomous Region of Azerbaijan returned to work Monday but others continued striking to back their demand that the enclave be transferred to the Republic of Armenia, an official in the region was quoted as saying by United Press International.

The city official in the regional capital of Stepanakert said there had been a mixed response to appeals for a return to work, with only some factories ending the general strike that has paralyzed the region since May 23.

The continuing strikes followed optimistic reports Sunday by Pravda and local officials that the Armenians, who comprise 80 percent of the region's population, had agreed to end their protests.

CRASH: No Evidence of an A-320 Systems Failure, French Official Says

(Continued from Page 1)

the Air France pilot's union, said the engines may have failed to provide the needed power at the pilot's command. "The problem is finding out if the computer functioned properly or if there was a human error," he said.

But Mr. Mcmam said, "No evidence at present throws doubt on the proper functioning of the plane."

He said investigators, who recovered the plane's two "black box" flight recorders, were still seeking the cause of the crash.

British Airways, which has two of the A-320s in service and eight more on order, said it would resume using the plane flights from London's Gatwick airport to Stockholm and Geneva.

"This follows long discussions between ourselves, the civil aviation authority and Airbus Industrie," a spokesman said. "As a result of these discussions, we are completely and fully satisfied with the safety and operating integrity of the aircraft."

Six A-320s had been delivered since it was certified for flight earlier this year. Two have gone to British Airways, three to Air France and one to Air Inter. Airbus Industrie has received 319 firm orders from 21 airlines and about 200 options to buy the medium-haul plane, which can carry between 150 and 180 passengers.

Norwest Airlines has 100 of the planes on order and Pan American World Airways has ordered 16 with an option to buy 34 more.

A Northwest spokesman said he doubted that the crash would have an impact on the airline's decision to purchase from Airbus.

"But obviously we would want to check into the cause of the crash," he said.

A Pan Am spokesman said the crash did not change plans to maintain its order.

A spokesman for the West Ger-

man airline Lufthansa, which has ordered 15 of the planes and has an option to buy 25 more, said, "For the moment, there is no reason to abandon our order."

The aircraft that crashed was under charter to a party of aviation enthusiasts. It had been delivered to Air France on Thursday and was being flown by two of the company's most senior pilots, including the one in charge of training other A-320 crews.

The crash focused attention on the A-320's advanced computer technology and electronics, which replace the hydraulic systems, lines and pulleys that operate the flight controls, such as flaps and rudders, on other aircraft.

Airbus Industrie has said that the computer system, which has several backups, not only makes the aircraft more economical but also reduces the risk of accident by taking over many of the pilot's tasks and overruling his commands if the computer calculates them to be beyond the aircraft's capabilities.

French pilots unions argue that the inability of the crew to override the computer in an emergency constitutes a safety hazard.

Pilots and flight engineers at Air Inter were continuing this week a series of partial strikes as part of a two-year campaign protesting the

company's decision to operate A-320 with a crew of two.

The unions say the elimination of the flight engineer's position coupled with the heavy reliance on computer technology, could constitute a safety hazard.

On the London Stock Exchange shares in British Aerospace, member of the consortium that manufactures the Airbus, were down 10 pence to 397 pence following the crash.

Ian Wild, an analyst at Barclays de Zoete Wedd, said the share reaction was relatively muted because investors were reserving judgment until they knew the cause of the crash.

Analysts said the survival of the plane was another reason the share movement was relatively modest. The large number of survivors demonstrated the overall quality of the aircraft, they said.

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(Continued from Back Page)

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Anti-Terrorist Meeting Set on Olympic Games

The Associated Press

SEOUL — Security officials from seven nations and 13 airlines will meet Tuesday and Wednesday to plan anti-terrorist measures for the 1988 Summer Olympics, the Foreign Ministry said Monday. Representatives will discuss terrorist groups and airline safety.

Delegates from the United States, Japan, the Philippines, Thailand, Malaysia, Singapore and South Korea will attend, officials said. Hong Kong also plans to send representatives.

DEATH NOTICE

The personnel of the International Herald Tribune regret to announce the death of

Yves Kerkhous on June 23 at the age of 53. He was printer at the Herald Tribune for 23 years. He will be greatly missed by all those who had the pleasure of knowing him. "Je t'embrasse" will be at the funeral of the Foch Hospital in Suramese Tuesday, June 28 at 10:30 a.m.

ATOM

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ARTS / LEISURE

Designer Mizrahi In the Big Time

By Anne-Marie Schiro
NEW YORK — Remember the name Isaac Mizrahi. He is this year's hottest new designer. His first show, in April, was so tasteful and imaginative that it catapulted him into the big time.

Mizrahi, inset, checks an orange jumpsuit and pink jacket.
"We put our money together — not a great deal of money — and incorporated last June," he said. "In July we took a loft, and in August we showed a holiday collection. Just a few pieces. Saks Fifth Avenue and Bloomingdale's were the first stores to buy. We made all the clothes in my house."



Don Egan/Charles/The New York Times

Diane Keaton's Sex Role For 'The Good Mother'

By Leslie Bennetts
NEW YORK TIMES SERVICE
TORONTO — When Leonard Nimoy asked Diane Keaton to star in the movie version of "The Good Mother," she was horrified — a response she recalled later in a characteristically Keatonesque volley of breathless, rapid-fire speech, her words tumbling out and ricocheting off each other at crazy angles as she rolled her eyes, buried her face in her hands, fidgeted and made assorted moaning noises.



Asia Viera and Keaton as daughter and mother in the new film.

of antagonists that range from Brian, the ex-husband whose fury is further inflamed by her admission that she had always found sex with him to be "terrible," to a repressive puritan heritage and a legal system whose machinery, once started up, turns into a juggernaut that smashes every life it rolls over.
Indeed, the story of "The Good Mother" provides something of a Rorschach test, its interpretation varying from individual to individual.
"Here are people who will say that Brian is absolutely right and Anna made a big mistake, and there are people who will say he's an uptight pain who doesn't want the kid at all and who's only getting back at her for saying that sex with him wasn't too terrific," Nimoy said.
"Here are people who will say that Leo did exactly the right thing and there are people who will say that Leo should be locked up."

Persistence Pays for Writer After 25-Year Hiatus

By Jules Older
NEW YORK TIMES SERVICE
VERMONT — For many writers, a 25-year dry spell would be discouraging enough to quit writing. But James Hayford stuck with it and shortly before his 47th birthday had his first children's book published.

1935, Hayford's poetry caught the attention of Robert Frost, the poet-in-residence. Frost established a fellowship and made Hayford its first recipient.
In 1946 The Saturday Evening Post published one of his poems. Harper's Magazine published one that year and a second the next. The New Yorker ran one in 1951, for which Hayford was paid \$11.
As his career appeared to be taking off, rhyming poetry fell out of fashion and since that was his genre, he found himself unpublished. "I thought of going to New York and hanging around with editors at cocktail parties, but I chose to stay in the country and just write the best I could, hoping someone would publish me," he said.
No one did. He began to publish his poetry himself, under the name Oriole Books, "because we had an oriole nesting in our front yard." But he still longed for acceptance by a commercial publisher.
In 1971, Hayford, a retired school teacher and now a grandfather, was rereading one of his poems, "The Skunk," and suddenly realized it would make a good basis for a children's book. He worked on the book, called "Gridley Firing," on and off for 11 years.

from that house, Hayford had revised the manuscript 14 times.
He was now without an editor and he was 70 years old.
His search for a publisher continued, but without success. One editor wrote, "This book will never be published."
Then, at the suggestion of Moshier, a novelist living nearby — the author of "Disappearance" — Hayford resubmitted the manuscript to New England Press in Shelburne, Vermont, which had rejected the book earlier because "we don't handle children's books."
When Paul Eschholz, New England's editor, called and said he was interested, "I nearly fell over," Hayford recalled. "When I asked why he'd changed his mind, Eschholz said, 'We now view it as a Vermont book.'"

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SOFFEX

A NEW SWISS EXCHANGE

Options Market Opens in Zurich

It all happened with the utmost discretion, as befits the very secret world of Swiss banking and finance, but now it can be revealed: the Swiss stock exchanges have just traversed a "Big Bang" of their own. On May 19, the world's first fully electronic options trading and clearing system opened for business in Zurich.

Trading has since soared to 16,000 contracts a day, making this the most successful options exchange debut to date in Europe. Unlike the famous Chicago options exchange or the Liffe in London, the Swiss model has done away with the trading floor and all transactions take place automatically by computer.

"It was a Big Bang without the drama" says Ralph Gunther Kaiser, vice president of the Swiss Bank Corporation.

"Everything went smoothly. The screens only blacked out for one hour!" Compared with the London Stock Exchange's problems during the first week of the Big Bang, a 60-minute glitch is considered highly satisfactory. It was an auspicious start for the Swiss Options and Financial Futures Exchange, or Soffex as it is generally known.

The 11 Swiss stocks selected for options are some of the biggest companies in the world in their sectors — chemicals, food, banks and insurance. All of them are followed by institutions and private investors worldwide. If the Swiss had not introduced options, the Chicago exchange in the U.S. was going to start its own Swiss Index, to satisfy the need for today's portfolio managers to hedge their Swiss investments.

The reluctance of the Swiss to adopt new market instruments until now derives from the very qualities which have made their banking reputation — prudence, caution and thoroughness.

Soffex is the first step in a new direction. It is also the first national Swiss exchange and should pave the way to a unified Swiss stock market. Due to Soffex, continuous

The 11 stocks selected for options are some of the world's biggest.

quotations have been introduced for the 11 underlying option stocks, instead of depending uniquely on the old system of open outcry pits.

The Swiss have been criticized for negotiating big block trades between themselves, outside the cash market. The Soffex, however, is totally transparent and all trades must be recorded. Other reforms are also being tabled to bring trading conditions and regulations in line with norms in other major markets. Leading Swiss banks are the prime movers behind these reforms.

To date, each of the cantons has administered its own stock exchange. The top three — Zurich, Geneva and Basel — joined forces with the leading banks, Union Bank of Switzerland, Swiss Bank

Corp., Credit Suisse, Swiss Volksbank and Bank Leu, to form a single corporation and finance Soffex. Estimates of the overall cost are put as high as 150 million Swiss francs: 65 million for the Soffex budget and the rest for equipment installed at the banks.

Once the decision was made to establish an options market, the corporation determined to create the best and most modern exchange in existence. Through Arthur Andersen, the international accounting and consultancy group, they commissioned a thorough survey of existing options facilities worldwide. Finally, in May 1986, the go-ahead was given to create something tailor-made for Switzerland.

"The Swiss banks deserve congratulations for their foresightedness. Soffex has meant a radical change in mentalities and it will accelerate other changes here," says Paul Hoëve, company managing partner for Arthur Andersen in Switzerland.

In the two-year period before the Soffex screens finally lit up for business on May 19, 1988, step-by-step preparations for the opening proceeded at breakneck speed, sometimes calling for superhuman efforts.

Otto Nägeli, former manager of investment banking for the Bank of Tokyo in Zurich, was selected as Soffex director. A staff of 35 was recruited, a difficult task in Zurich where computer specialists can write their own ticket.

Headquarters were established in the Zurich suburb of

Dierikon, just a quarter of an hour's train-ride from the center.

The Soffex membership list was finalized. In addition to the five big banks sponsoring the Soffex, it comprises six cantonal banks, 20 other Swiss banks, ten foreign controlled banks, one foreign bank branch and three finance companies.

Terminals needed to be installed in member bank locations across Switzerland, connected to the central Soffex computer and integrated with the banks' own systems.

Arthur Andersen's team of computer whiz kids flooded into Zurich to design, pro-



In the trading room: all transactions take place automatically by computer.

gram, and test the systems. During the final simulation period, three separate groups worked around the clock.

Meanwhile, young Swiss "golden boys" (and a few "golden girls") flew from Europe to New York and Chicago to learn the new techniques of options and futures.

Proving that the Swiss know how to market when they want to, the Soffex team

went into action from the outset, publishing newsletters and informing the press and financial community of their progress.

At last the suspense is over. The Soffex computer is working smoothly, and work has begun on an index option of Swiss stocks which should be ready by the end of this year.

Before the opening, Nicolas Baer, president of the Zu-

rich Stock Exchange Association, predicted a slow start, and warned against boredom. Instead, the number of contracts has kept climbing.

"Many more people are waiting for this than we expected," confirmed Bruno Giesler of USB, Switzerland's largest bank. He confidently predicts that even higher volumes should be reached by the end of the year.

Seeking Out New Foreign Money

THE deep conservatism on which the Swiss Confederation has long prided itself — its 700th anniversary will be celebrated in 1991 — made them understandably wary of recent changes on Wall Street and in the City of London.

Yet the opening of the Options and Financial Futures Exchange is only the latest of several moves that are sweeping away the cobwebs.

The Big Three commercial banks — Union Bank of Switzerland, Credit Suisse, and Swiss Bank Corp. — have expanded aggressively abroad in recent years.

The cantonal banks, led by the largest, Zurich Cantonal Bank, have banded into an association catchily named Swiss Cantobank International, with a London office to



Mr. Joachim Gottschalk, CEO, Gottex Money Broking Company.

promote their interests abroad.

Even the very secret private banks are actively wooing foreign clients and setting up offices in leading capitals to attract new money.

Each day, specialized com-

panies like the Gottex Money Broking Company, tucked away in garden offices beside Lake Geneva, process over \$2 billion worth of currency swaps, interest rate options, FRA's and arbitrage in the interbank market around the world. They, too, now prepared to accept private clients.

According to a small booklet called *Swiss Banks — The Secret of Success*, Switzerland ranks among the top international markets after New York, Tokyo and London. The reported turnover on Swiss stock exchanges — excluding block transactions, which are not required to be reported — amounted to SF 890 billion in 1986.

At the same time, daily trading volumes on the Zurich foreign exchange market averaged about \$30 billion,

placing the city in third place after London and New York.

The Swiss capital market is one of the most active in the world. Public issues of bonds and shares in 1986 amounted to about SF 60 billion. The total assets of banks and finance companies in Switzerland amounted to SF 848 billion at the end of 1986, with foreign assets accounting for 40 percent of the total while Swiss banks have the highest capital/assets ratio in the world.

Swiss-managed investment portfolios are worth an estimated SF 1.4-1.6 trillion. One third of newly issued Eurobonds goes straight into portfolios administered by Swiss banks, demonstrating the enormous placing power in international securities markets.

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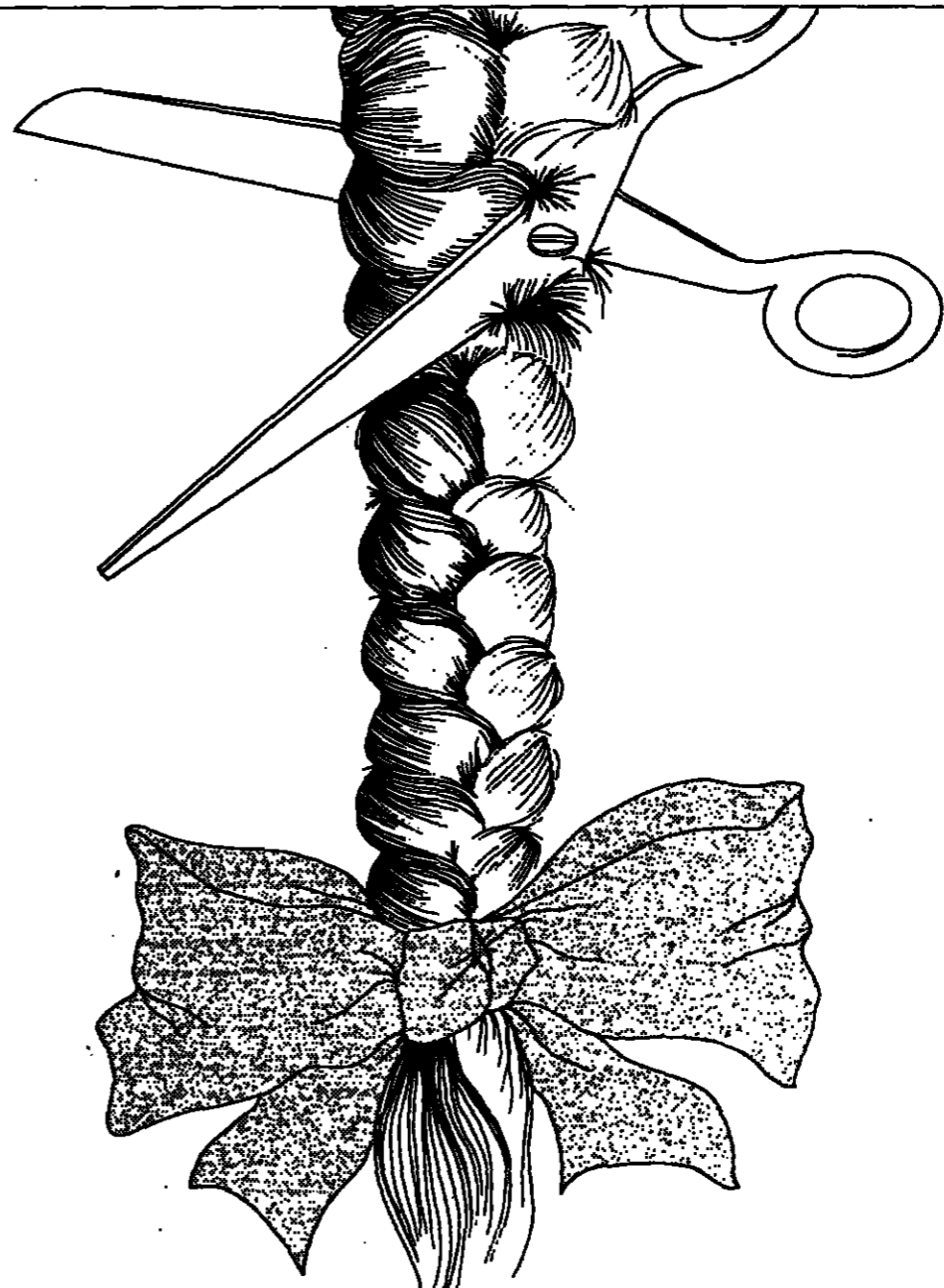
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Trading Exceeds Initial Estimate

SIX months before Soffex was due to open, the Wall Street crash sent tremors around the world. In the aftermath of Black Monday, the Swiss market was not spared. Otto Niggli, chief executive officer of Soffex and former investment banking manager for the Bank of Tokyo in Zurich, needed all his powers of persuasion to convince the Swiss banking community to keep faith in the options project, especially as new financial instruments were held responsible for Wall Street's collapse. Many objected that the Swiss market was too illiquid for options to succeed. The nadir came on March 1 when the Soffex opening was postponed for two and a half months to iron out bugs in the system. Today, Otto Niggli savors a hard-won triumph.

have turned bullish. There's a lot of interest in the Swiss bank stocks and options, and good volume in Nestlé and Jacobs, the chocolate stocks. But more important, I can prove from the printout that one third of the orders are customer/agent transactions.

How much of this initial success is due to the Soffex information campaign?

When the Soffex program was launched, people were anxious, cautious and even afraid of options and futures. It was clear from the beginning that education was necessary. In the first phase we educated professionals, management, investment advisors and bankers. If you don't know the product, you can't recommend it. In the final phase, we took out ads in the general press, with a coupon to write in for booklets. We received over 5,000 responses.

Did this surprise you?

Yes and no. Soffex is a worldwide novelty in technology. This is the first time that there is no time delay between a trade and the respective clearing transaction. It's natural that the press and public have been interested.

Portfolio managers at Swiss banks must also account for some agent/customer orders?

There's a substantial



Mr. Otto Niggli, CEO of Soffex.

amount of foreign money managed by Swiss banks, much of it in private portfolios. Managers invest in Swiss stocks and need options to hedge these investments.

Has the option market helped to increase the amount of trading and liquidity in Swiss stocks?

To a certain extent. But it does not help create traffic; you can't change the liquidity in the underlying market. The volume figures you see reported only represent the tip of the iceberg.

When will you add to the 11 original stocks for options?

My priority is to get an index option by the end of the year. There may be a few more candidates for stock options but you can't add an underlying stock which has no market liquidity at all. Position limits would have to be set too low. The index option is essential to give institutions a chance to have total portfolio coverage with one buy.

Portrait of a Young Exchange

THE following statistics, compiled by the Union Bank of Switzerland, profile the 11 Swiss stocks on which options can now be traded.

Ciba-Geigy (bearer shares) stock market capitalization SF 10,096 billion; turnover SF 13,995 billion; one of the world's leading drug, agricultural and plastics companies.

Hoffman-La Roche (one tenth certificates) stock

market capitalization SF 9,734 billion; turnover SF 7,822 billion; Switzerland's largest chemical company with 96 percent of sales abroad.

Jacobs Suchard (bearer shares) stock market capitalization SF 3,739 billion; turnover SF 5,235 billion; the world's third largest producer of coffee and chocolate.

Nestlé (bearer shares) stock market capitalization SF 19,578 billion; turnover SF 38,050 billion; the world's

largest food and drinks multinational.

Sandoz (participation certificates) stock market capitalization SF 8.67 billion; turnover SF 8.361 billion; the second largest Swiss drug and chemicals group.

Union Bank of Switzerland (bearer shares) stock market capitalization SF 16,408 billion; assets SF 9,125 billion; largest Swiss Bank.

Swiss Bank Corporation (bearer shares) stock

market capitalization SF 12,176 billion; assets SF 8,498 billion; the number two Swiss bank.

Crédit Suisse Bank (bearer shares) stock market capitalization SF 8,861 billion; assets SF 6.75 billion; number three and a leader in the Euro-markets through Crédit Suisse First Boston.

Swiss Reinsurance (participation certificates) stock market capitalization: SF 5,174 billion; gross premiums

SF 10,665 billion; number two in reinsurance worldwide.

Swiss Volksbank (ordinary shares) stock market capitalization SF 2,395 billion; assets SF 716.5 million; number four commercial bank.

Zurich Insurance (bearer shares) stock market capitalization SF 6,667 billion; gross premiums SF 5,529 billion; with 42 affiliates in 35 countries, this insurance giant is strongest in the U.S. and West Germany.

A New Generation of Brokers

WHILE Geneva is the home of private banks and Basel serves as headquarters for the chemical giants, downtown Zurich is the commercial banking capital of Switzerland.

Zurich was thus the obvious choice for options and futures headquarters. Each of the three cities has its own stock exchange, but the heaviest trading takes place in Zurich. Ser in the heart of the German language region, it is rapidly assuming the same role for the Swiss that Frankfurt plays in Germany.

On June 6, the day the option contracts count broke through 8,000, there was jubilation in trading rooms across the city. The original prediction had been 10,000 contracts by year's end. Yet, by the following week, the total had doubled to 16,000.

At Swiss Bank Corp., where a poster for the film "Wall Street" has pride of place on the wall, the average age of the all-male team of traders, trained in New York and Chicago, is 24.

The manager, Ralph Kaiser, reports brisk business, with orders coming in mostly from individual clients on the Italian side of Switzerland. He predicts that institutions will take about two years to really come into the market.

Another all-male team mans the screens at the leading bank, Union Bank of Switzerland (UBS). Vice-president in charge of options, Bruno Giesler, who came over from Citibank in Zurich, dismisses the suggestion that a new generation of Swiss "golden boys" may be in the making. Salaries for young traders are still relatively modest, and depend on the size of bonuses at the end

For instance, general clearers must show a minimum capital of SF 500 million and provide guarantee deposits of SF 5 million.

The very conservative state-owned Zurich Kantonbank has become one of the most enthusiastic supporters of Soffex and embarked on a drive to modernize and expand facilities. It is a full clearing member of Soffex, a distinction held by only 13 leading banks.

In fact, ZKB is the largest banking establishment in the association of Swiss cantonal banks and the fourth largest Swiss bank — behind UBS, Swiss Bank Corp. and Crédit Suisse. In line with the modernization drive, it will soon ask the people of the canton to vote on extending the bank's foreign asset limit from 5 to 10 percent.

"We are convinced that for the image of our bank and the cantonal group, we had no choice but to qualify as a general clearing member," says Kurt Stäubli, senior vice-president.

The job of setting up the Soffex team at ZKB went to veteran staffer Daniel Lanz, who studied at Northwestern University in the United States and worked with the Chicago brokers, O'Connell & Piper, before taking on his new responsibilities.

To date, ZKB makes a mar-

ket in Nestlé. They will add new options when Mr. Lanz is satisfied that the team is ready. He points out that it is the first time, at a Swiss stock exchange, that market makers have been obliged to regularly make binding prices for certain stocks. "When the share price moves, 32 separate options prices move differently, and this takes some watching," says Mr. Lanz.

ZKB's no-nonsense offices are beautifully positioned close to the lake. Not so the very private Privatbank, owned by one of the richest industrial families of Switzerland, the Schmidheiny family (Brown Boveri, Holderbank, Exemint).

The bank had one of its best years ever in 1987. Nevertheless, Privatbank recently decided to open up to more international clients. Its name has now been anglicized from the tongue-twister, Privatbank und Verwaltungsgesellschaft and new offices were opened in New York, Hong Kong and Geneva.

"We're counting on Soffex to help bring back liquidity to the market," says Saad Azhari, portfolio manager for Privatbank and a specialist on options. He notes that one of the reasons the Swiss stocks suffered so severely after October 19 was the absence of options. Investors who wanted to leave

the market and ride out the storm were obliged to sell the underlying stocks because no put options existed.

Mr. Azhari, originally from Lebanon, notes that options are nothing new for Privatbank. "We have been dealing with all new financial instruments in the United States and other markets for many years," he says.

He feels that Swiss banks, in general, have now recognized the fact that options and futures can be used as conservative instruments to reduce the risks of the market as well as to increase the income of stockholders.

The largest of Zurich's private banks, Bank Julius Baer, has chosen to make a market in two stocks, Hoffman La Roche and Jacobs Suchard. Styling itself as the Rolls Royce of private banks, with its stunning modern art decor and uniformed attendants, Julius Baer has an important private clientele and a long experience in portfolio management.

"We participate in all markets around the world. It's time we had the same opportunities in Switzerland," says Albert Merz, in charge of options for Julius Baer.

This Advertising Section was written by Carolyn Pfaff.

Technology a Key Factor

TEAMS of youthful computer specialists have become a familiar sight in Zurich since the past two years, ever since Arthur Andersen, the consulting and accountancy group, took on overall responsibility for the Soffex launch, and Digital Equipment (DEC) won the bidding to supply the hardware.

"It was impossible for the Soffex board to handle all this

themselves. They needed someone neutral and sufficiently specialized to manage it for them," says Paul Hovev, managing partner of Arthur Andersen, Switzerland.


Flexibility was one of the major reasons why DEC won the contract to supply Soffex's computers.

"The system had to respond to the increase in the number of bank participants as well as an increase in the

number of transactions," says DEC Soffex project manager, Nader Moukhtarzadeh.

The original team is now being disbanded, leaving a nucleus to work on a Swiss stocks index, to be introduced at the end of this year.

But there is a strong chance that the Arthur Andersen and DEC team will soon be back in action again, this time to organize an options system for the German stock exchanges.

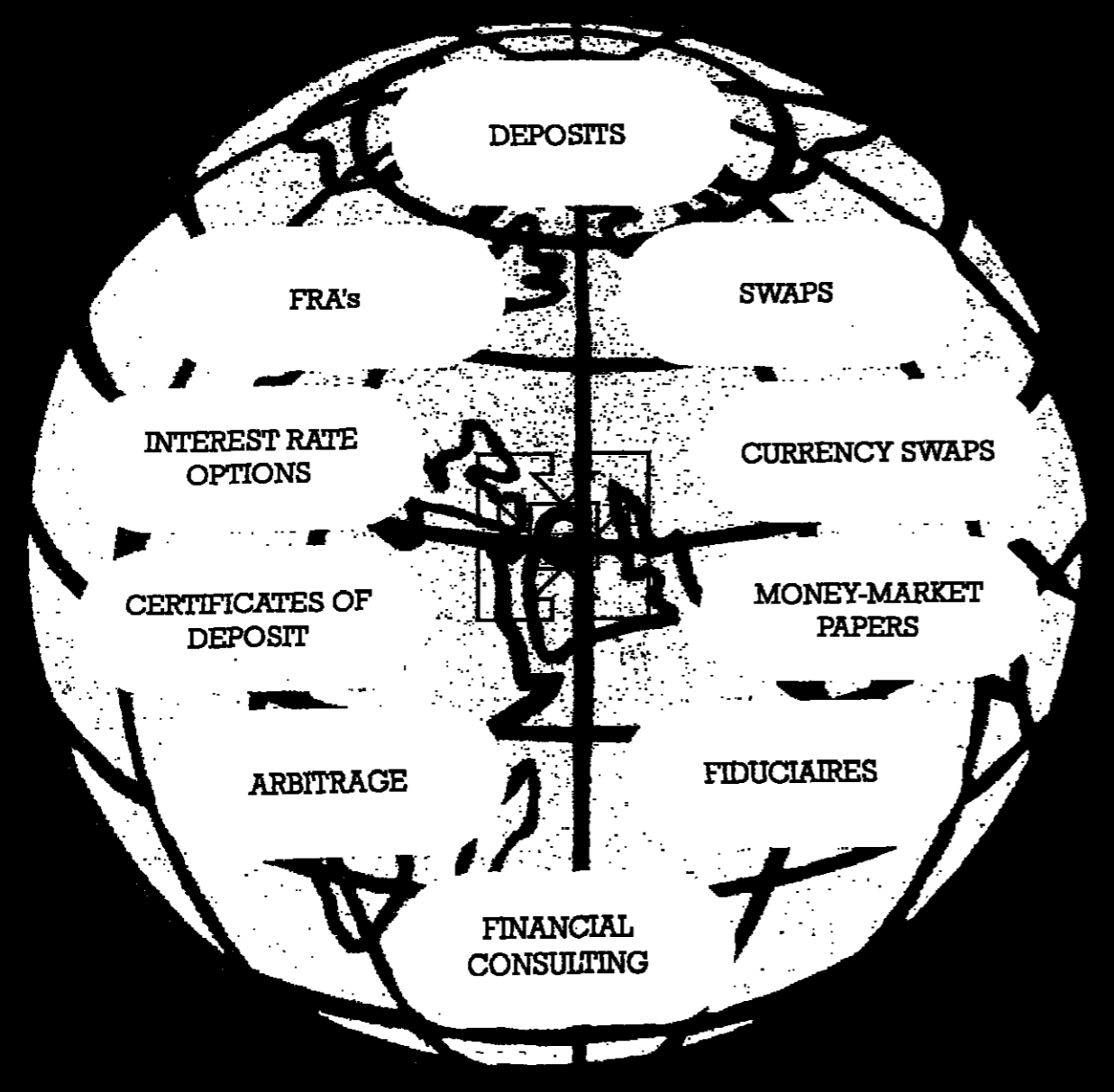


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Zürcher Kantonalbank

Foreign Money

Soffex trading has passed the 16,000 contracts mark per diem. What did you originally predict? We were guessing low, around 2,000. The first week was 1,500; then there was this tremendous surge.

How do you explain this activity? First, the stock exchanges

the point

ZURICH

Vol.	High	Low	Last	Chg.
SCIE	152.00	151.00	151.00	+
WAT	125.00	124.00	124.00	+
Trans	115.00	114.00	114.00	+
WU	105.00	104.00	104.00	+
AMT	95.00	94.00	94.00	+
AT&T	85.00	84.00	84.00	+
IBM	75.00	74.00	74.00	+
Gen	65.00	64.00	64.00	+
Bo	55.00	54.00	54.00	+
Y	45.00	44.00	44.00	+

NYSE 4 A.M. volume	264,100,000
NYSE adv. cons. close	2,170,000
NYSE adv. cons. open	1,970,000
NYSE adv. cons. volume	1,970,000
NYSE volume up	217,200,000
NYSE volume down	46,900,000
NYSE volume even	1,340,000
NYSE volume down	n.a.
NYSE volume up	n.a.

High	Low	Close	Chg.
Composite	150.85	150.25	-0.60
Industries	150.85	150.25	-0.60
Trans	150.85	150.25	-0.60
Utilities	150.85	150.25	-0.60

Monday's NYSE Closing
Via The Associated Press

Class	Prev.
Advanced	1.25
Declined	0.25
Unchanged	0.25
Total Issues	0.25
New Highs	0.25
New Lows	0.25

Class	Prev.
Composite	1.25
Industries	1.25
Trans	1.25
Utilities	1.25

Vol.	High	Low	Last	Chg.
AMBA	115.00	114.00	114.00	+
AMBA	115.00	114.00	114.00	+
AMBA	115.00	114.00	114.00	+

Class	Chg.
Bonds	+0.22
Utilities	+0.10
Industries	+0.10

Class	Prev.
Advanced	0.25
Declined	0.25
Unchanged	0.25
Total Issues	0.25
New Highs	0.25
New Lows	0.25

Buy	Sales	\$'s 't
June 24	28,674	4,627
June 25	28,674	4,627
June 26	28,674	4,627
June 27	28,674	4,627
June 28	28,674	4,627

Open	High	Low	Last	Chg.	
Index	2143.14	2147.74	2131.17	2124.4	-6.5
Trans	181.28	182.37	180.28	181.2	-1.2
Unit Comp	77.2	81.5	81.2	80.2	-1.0

High	Low	Close	Chg.	
Industrials	214.18	213.14	213.4	-0.7
Trans	151.8	151.1	151.2	-0.7
SP 500	217.2	216.2	216.4	-0.8
SP 100	211.8	210.8	211.0	-0.8

Class	Prev.
Advanced	1.25
Declined	0.25
Unchanged	0.25
Total Issues	0.25

High	Low	Close	Chg.	
Index	200.58	200.28	200.2	-0.3

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld. PE	St. 18M High	Low	Close	Chg.
174	174	AAR	1.16	14	21	174	+
174	174	AA	1.16	14	21	174	+
174	174	AA	1.16	14	21	174	+
174	174	AA	1.16	14	21	174	+
174	174	AA	1.16	14	21	174	+

N.Y. Stocks Fall on Rate Fears

NEW YORK — Prices on the New York Stock Exchange fell sharply Monday on fears of higher global interest rates, as trading volume was swollen by dividend-related activity in selected issues.

The Dow Jones industrial average, which rose 38.94 points last week, fell 34.50 to close at 2,124.46. The index fell 16 points in the final 30 minutes.

Declines topped advances by about an 8-3 margin. Volume totaled 264.1 million, up from 179.88 million traded on Friday.

Trading in three stocks — Southern California Edison, Northern States Power and Transamerica — all of which carry hefty dividend yields, accounted for more than 117 million shares of the total volume.

William Tirinili, vice president of research at Rodman & Renshaw Inc. in Chicago, blamed the pullback on "normal profit-taking, renewed inflation fears and concerns over higher interest rates."

"But I think 30- and 50-point days, in either direction, are going to be relatively common for a while given this market's volatility," Mr. Tirinili said. "It moves to new highs and then pulls back. I think it will move higher again as we enter July and see the positive second-quarter earnings reports."

Broad-market indexes also retreated. The New York Stock Exchange index fell 2.34 points to 152.22. Standard & Poor's 500-stock

12 Month High	Low	Stock	Div. Yld. PE	St. 18M High	Low	Close	Chg.
174	174	AA	1.16	14	21	174	+
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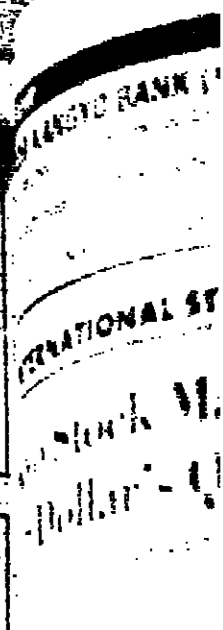
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Inter...

(Continued on next left-hand page)

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WEDNESDAY, JUNE 28, 1988

INTERNATIONAL STOCK MARKETS

Tokyo Stock Market Frets Over Dollar's Quick Rise

By ANNA ESAKI
TOKYO — The sudden surge in the dollar has aroused fears on the Tokyo stock market of inflation, higher interest rates and an outflow of Japanese funds to dollar-denominated investments. The dollar, which had risen last week at about 125.80 yen, burst through the 130-yen mark by the end of the week, closing at 130.45 in New York and 130 in London. It pushed its previous high for 1988, which was set Jan. 18. This fed speculation it would approach 132 yen. "There are fears of inflation, which will likely continue well into the future," said Kaoru Shimura, chief fund manager of Sumitomo Life Insurance Co. Norio Omachi, a broker with the Sanyo Securities Co., said, "It is as if the dollar will be in the 131 to 133 yen range. There is a question as to whether the yen can rise to 135 yen, and when and if the Bank of Japan will come in."

Even without the dollar surge, some analysts predicted the stage was set for a market retreat.

The Tokyo stock market has been declining fairly steadily since June 17, while the dollar has generally been going up. The Nikkei index dropped 907.45 points on Monday, leaving the Nikkei index at 7,435.01 at Monday's close. A weaker yen raises the costs of Japanese imports, especially of basic commodities such as oil, which are usually priced in dollars. Although most brokers do not see inflation as an immediate problem, investors have still retreated to the sidelines. Speculation that the Bank of Japan will raise interest rates to curb inflation or defend the yen has been bolstered by the dollar's strength. This would make equity investment less attractive than instruments related to interest rates, such as bonds. Higher interest rates could also strain company profits and slow economic growth. Even without the possible consequences of a dollar surge, some analysts said stock market developments leading into late June already set the stage for a market retreat. During the first half of June, shares of large companies were steadily traded, pushing the Nikkei index up to a record 7,424.46 points on June 17.

BROKERS SAID IT WAS AN ARGUABLY OVERHEATED MARKET THAT CAUSED BLOATED VOLUMES AND A 30-MINUTE CUT IN THE AFTERNOON SESSION BY THE TOKYO STOCK EXCHANGE FROM JUNE 10 TO 13.

At around 27,500, the market was technically due for a correction, and this has been a factor, said Andrew Ballingal, a strategist with Barclays de Zoete Wedd Securities (Japan) Ltd. "The volume and relative strength in smaller stocks are signs of technical weakness." A strong dollar normally helps stocks of export-related companies. But this time, they have not noticeably benefited. Brokers' earlier advance was due largely to increased domestic demand, reflecting more inward-looking marketing by the companies concerned, and thus their sensitivity to exchange-rate movements has been reduced. A weak yen has in turn become a demerit for such industries, Mr. Shimura of Sumitomo. "The cost of raw materials is going up."

Currency Rates

Table with columns for currency, rate, and date. Includes entries for US Dollar, Swiss Franc, and others.

Interest Rates

Table with columns for currency, rate, and date. Includes entries for Dollar, Swiss Franc, and others.

Asian Dollar Deposits

Table with columns for bank, rate, and date. Includes entries for Citibank, HSBC, etc.

U.S. Money Market Funds

Table with columns for fund name, rate, and date. Includes entries for Merrill Lynch Bond Assets, etc.

Gold

Table with columns for location, price, and date. Includes entries for Hong Kong, London, etc.

2 Accused Of Insider Dealings

\$19 Million Case Likened to Boesky

Compiled by Our Staff From Dispatches
WASHINGTON — A trainee analyst with Morgan Stanley & Co. leaked inside information on pending mergers to a Hong Kong businessman that generated at least \$19 million in illegal profits, the U.S. Securities and Exchange Commission charged on Monday in a civil complaint. Gary G. Lynch, the SEC enforcement chief, said the case is second only in magnitude to the Ivan F. Boesky insider-trading affair. Mr. Boesky, 51, pleaded guilty in 1986 to charges relating to insider trading and agreed to pay \$50 million in penalties and return \$50 million in illegal profits. Mr. Boesky had provided information about his string of contacts but the present case was not connected with his activities.

The SEC alleged that Steven Wang Jr., 24, the Morgan Stanley trainee, appropriated information about tender offers and pending mergers and communicated that data to Fred C. Lee, 38, also known as Chwan Hong Lee, a resident of Hong Kong and a Taiwanese national who also claims Canadian citizenship. The SEC will seek return of \$19 million in alleged illegal insider-trading profit, plus fines of \$7 million, three times the amount, Mr. Lynch said.

Mr. Lee, an international businessman with interests in real estate, public utilities and import-export operations, traded in those stocks — such as Utah Power & Light Co., E.P. Huntington Group Inc. and Sloop & Shop Cos. — for his own account and for others, realizing profits of \$19 million, Mr. Lynch said. The civil-enforcement action filed in U.S. District Court in New York by the SEC sought an immediate injunction, an asset freeze on the two men's accounts, disgorgement of the profits along with triple penalties. Mr. Lynch said the court granted the request for a temporary restraining order freezing the assets. Mr. Lynch said the court order extends to several trading accounts maintained by both men.

Mr. Lee was attempting last Friday to transfer funds from the United States to Hong Kong, Mr. Lynch said. Transactions subject to the indictment. See INSIDER, Page 13



Two competitors in the battle for the Pacific passenger: United Airlines and Japan Air Lines.

Little Things Are Not Occidental

Service Keyed to Japan Dominates Pacific Air Routes

By Nancy Yoshihara
Los Angeles Times Service
LOS ANGELES — Yukio Kato peered into his food processor, making sure the texture of the egg whites was just right. Satisfied, he set them aside and chopped the yolk into a fluff. The Japanese chef then layered the pan's bottom with egg whites. To that he added a half inch of yolk. Carefully pressing the two together, he refrigerated the appetizer. Less than 24 hours later, passengers in business class of All Nippon Airways bound for Tokyo from Los Angeles would savor Mr. Kato's nishiki tamago along with at least a dozen other painstakingly prepared and delicately presented Japanese foods. The cuisine is hardly typical of meals served out of jetliner galleys, but fierce competition for passenger loyalty among airlines operating across the Pacific Ocean is forcing improvements in food and service. "It is the fastest-growing air transport area in the world," said Paul P. Karos, an analyst who follows the airline industry at First Boston Corp. in New York. "The reason for that is fairly simple: The Far East in general is one of the fastest-growing economic regions in the world. Airlines are building off a smaller base so the growth is faster. It is in its early growth stages."

A Japan Air Lines hostess in an airline publicity photo. Mealy quality is one way carriers are trying to build customer loyalty.

United States and Asia — 6 million operators include China Airlines, Cathay Pacific, Korea Air Lines and Singapore Airlines. Within the past two years have come Delta Air Lines, American Airlines and All Nippon Airways. The U.S. carriers may dominate the market, but the Asian carriers set the standard for food and service. "There was absolutely no comparison," said Ole Henriksen. See PACIFIC, Page 13

U.K. Trade Gap Hits Record of £1.21 Billion

By Warren Getler
International Herald Tribune

LONDON — Britain posted a record £1.21 billion (£2.08 billion) deficit on its widest trade measure in May, nearly double market expectations of a £700 million monthly shortfall, according to figures released Monday by the Department of Trade and Industry. News of the sharp deterioration in the current account, which comprises trade in goods and services plus some financial transfers, undermined the value of the British pound and British securities. It also increased expectations of a one percentage point increase in commercial bank base lending rates to 10 percent, perhaps as early as Tuesday. The pound dropped more than 2 cents after the report, to close at \$1.7025 from \$1.7268 on Friday. Against the Deutsche mark, it dropped more than three pfennig to 3.0959 from 3.1532. The Financial Times-Stock Exchange index of 100 leading British shares fell 29.8 points to 1,841.5. Economists said the current figure highlighted persistently robust domestic demand for imports but also a troubling decline in exports, particularly to the United States and to the developing world. They noted that the weakness of the dollar against the pound in the first half of this year had made British exports more expensive, and imports priced in dollars cheaper. Overall merchandise exports in May fell 4.5 percent from April levels to \$3.44 billion, while imports rose 2 percent from April to \$3.19 billion. Imports were last that high in August 1987. The previous record monthly current account deficit, £905 billion, was reported in January. The seasonally adjusted deficit on the current account widened dramatically in May from an upwardly revised £728 million shortfall in April. The April deficit was originally reported as £525 million. The May deficit is also nearly quadruple the figure posted a year earlier, £361 million. Britain's merchandise trade balance in May also registered a deficit. See TRADE, Page 15

Mitterrand, Thatcher Disagree on EC Bank

By Ferdinand Protzman
International Herald Tribune

HANNOVER, West Germany — The European Community summit meeting opened Tuesday with only one major issue on its agenda: a proposal to study the possibility of creating a European central bank. The West German government spokesman, Friedrich Oetzel, said the topic was touched upon only briefly during the day's meetings. He said it would be discussed in detail during later sessions. Mr. Oetzel said President Francois Mitterrand of France had spoken out strongly in favor of establishing a European central bank and currency union. Prime Minister Margaret Thatcher of Britain, sources said, is resisting proposals to establish two commissions to examine the possibility of such a bank. France supports the proposal. But the West Germans appear to be split. Foreign Minister Hans-Dietrich Genscher strongly favors establishing such an institution, but the finance minister, Gerhard Stoltenberg, and the Bundesbank president, Karl Otto Pöhl, believe it is at best a very distant possibility. Mrs. Thatcher is believed to be most strongly opposed to the notion. "We do not think it would be fruitful to consider setting up a European central bank," a spokesman for the British delegation said. "You will only have it when you dissolve the House of Commons, among other political institutions." But Lord Plumb of Colchester, the British president of the European Parliament, told EC leaders they should strive for the eventual creation of a European central bank. "As the conditions for currency stability are increased," he said, "so the role of a common currency will become more and more natural and appropriate." Proponents said creation of a European central bank and a single European currency are prerequisites for the abolition of trade barriers among the 12 EC nations. This is planned for 1992. But Mr. Pöhl and Mr. Kohl have said that full convertibility of EC currencies, and abolition of all exchange rate controls, are more important goals. West Germany has also said that a European central bank would have to meet certain, specific West German conditions, such as sharing the Bundesbank's legal commitment to maintaining the value of the currency and defending price stability. British sources said that Mrs. See EC, Page 15

British Drama: Unraveling of the Clowes Empire

By Steve Lohr
New York Times Service

LONDON — For several weeks, a financial scandal that centers on the unlikely character of Peter Clowes, 45, an investment manager, has been Britain's most enthralling popular drama. The material is compelling: small investors who say they were hoodwinked, offshore shell companies, yachts, private jets, French vineyards, a divorce, charges of official negligence and a protagonist with an intriguing past. Mr. Clowes, who was arrested 11 days ago, once worked for a British subsidiary of Bernard Cornfeld's mutual-fund empire, Investors Overseas Services, which collapsed in spectacular fashion in 1970. Until forced to hand over his assets to government liquidators, Mr. Clowes was a millionaire with all the trappings, including a couple of luxury yachts and a vineyard near Bordeaux.



Peter Clowes

The line between his personal investments and those of his investment management companies, Barlow Clowes Gilt Managers Ltd. and Barlow Clowes International Ltd., seems blurred and is one subject of the criminal investigation. The two Barlow Clowes units were subsidiaries of a publicly held concern, James Ferguson Holdings PLC, of which Mr. Clowes was chairman and chief executive until he was forced to resign earlier this month. Both Barlow Clowes Gilt Managers and the Gibraltar-based Barlow Clowes International are being liquidated. The 18,000 clients of Barlow Clowes were mainly retired Britons who were told their money was being invested in British government bonds, called gilts. The advertising pledged that with tax advan-

ages of investing offshore and other income-enhancing techniques, investors would earn yields of 2 or 3 percentage points more than those on government bonds. During the past three years, the two Barlow Clowes units attracted an estimated \$330 million from investors. Liquidators said they may be able to recover no more than \$140 million.

It turned out that much of the money was not invested in British government bonds after all. Through the loosely regulated Gibraltar unit, Barlow Clowes International, the financier sent funds to affiliated firms in Switzerland, Liechtenstein and elsewhere, which in turn made investments in a variety of ventures, including real estate and retailing. Asked why he made the extrajurisdictional investments, Mr. Clowes replied outside a London court: "To get the greatest return. If we just invested in gilts, there was no way we could have gotten a higher return."

Last week, more than 1,000 investors in Barlow Clowes funds gathered in the Manchester town hall to discuss possible legal action against the financial advisers who recommended that they invest their money with Barlow Clowes. The Department of Trade and Industry, the agency responsible for policing much of the British securities industry, was warned nearly four years ago by the profes-

sional organization of investment managers that Barlow Clowes was engaged in suspicious practices, but the department renewed licenses in both 1986 and 1987. The department began an investigation into Barlow Clowes last November after the Financial Services Act went into effect and most of the police duties were handed over to the new Securities and Investments Board. Within two weeks of receiving the trade department's report on Barlow Clowes, the board had stopped the firm from operating and asked the court to order the liquidation. "Mr. Clowes was arrested for 'perverting the course of justice' by destroying documents needed by the government investigators. He was released on \$525,000 bail, but his passport has been seized and more charges are expected. "If given time, Mr. Clowes could have solved the problems," said Charles Buckley, his lawyer. "But now, the milk is spilt."

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The Annual General Meeting took place in Limoges on June 13, 1988, with Mr. Francois GRAPPOTTE in the chair. All the resolutions submitted were approved.
The 1987 consolidated financial statements show:
- an 8% rise in net sales to F.F. 4,936 billion,
- a 40% rise in net income to F.F. 458 million.
With a 17% increase in the total payout, LEGRAND will be raising its dividend per share by 12%.

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Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect trade elsewhere.

12 Month High Low Stock Div. Yld. PE St. 100 High Low Close

12 Month High	Low	Stock	Div.	Yld.	PE	St. 100 High	Low	Close
17 1/2	17	AMER	1.00	5.7	12	175	175	175
18 1/2	18	AMER	1.00	5.7	12	175	175	175
19 1/2	19	AMER	1.00	5.7	12	175	175	175
20 1/2	20	AMER	1.00	5.7	12	175	175	175
21 1/2	21	AMER	1.00	5.7	12	175	175	175
22 1/2	22	AMER	1.00	5.7	12	175	175	175
23 1/2	23	AMER	1.00	5.7	12	175	175	175
24 1/2	24	AMER	1.00	5.7	12	175	175	175
25 1/2	25	AMER	1.00	5.7	12	175	175	175
26 1/2	26	AMER	1.00	5.7	12	175	175	175
27 1/2	27	AMER	1.00	5.7	12	175	175	175
28 1/2	28	AMER	1.00	5.7	12	175	175	175
29 1/2	29	AMER	1.00	5.7	12	175	175	175
30 1/2	30	AMER	1.00	5.7	12	175	175	175
31 1/2	31	AMER	1.00	5.7	12	175	175	175
32 1/2	32	AMER	1.00	5.7	12	175	175	175
33 1/2	33	AMER	1.00	5.7	12	175	175	175
34 1/2	34	AMER	1.00	5.7	12	175	175	175
35 1/2	35	AMER	1.00	5.7	12	175	175	175
36 1/2	36	AMER	1.00	5.7	12	175	175	175
37 1/2	37	AMER	1.00	5.7	12	175	175	175
38 1/2	38	AMER	1.00	5.7	12	175	175	175
39 1/2	39	AMER	1.00	5.7	12	175	175	175
40 1/2	40	AMER	1.00	5.7	12	175	175	175
41 1/2	41	AMER	1.00	5.7	12	175	175	175
42 1/2	42	AMER	1.00	5.7	12	175	175	175
43 1/2	43	AMER	1.00	5.7	12	175	175	175
44 1/2	44	AMER	1.00	5.7	12	175	175	175
45 1/2	45	AMER	1.00	5.7	12	175	175	175
46 1/2	46	AMER	1.00	5.7	12	175	175	175
47 1/2	47	AMER	1.00	5.7	12	175	175	175
48 1/2	48	AMER	1.00	5.7	12	175	175	175
49 1/2	49	AMER	1.00	5.7	12	175	175	175
50 1/2	50	AMER	1.00	5.7	12	175	175	175
51 1/2	51	AMER	1.00	5.7	12	175	175	175
52 1/2	52	AMER	1.00	5.7	12	175	175	175
53 1/2	53	AMER	1.00	5.7	12	175	175	175
54 1/2	54	AMER	1.00	5.7	12	175	175	175
55 1/2	55	AMER	1.00	5.7	12	175	175	175
56 1/2	56	AMER	1.00	5.7	12	175	175	175
57 1/2	57	AMER	1.00	5.7	12	175	175	175
58 1/2	58	AMER	1.00	5.7	12	175	175	175
59 1/2	59	AMER	1.00	5.7	12	175	175	175
60 1/2	60	AMER	1.00	5.7	12	175	175	175
61 1/2	61	AMER	1.00	5.7	12	175	175	175
62 1/2	62	AMER	1.00	5.7	12	175	175	175
63 1/2	63	AMER	1.00	5.7	12	175	175	175
64 1/2	64	AMER	1.00	5.7	12	175	175	175
65 1/2	65	AMER	1.00	5.7	12	175	175	175
66 1/2	66	AMER	1.00	5.7	12	175	175	175
67 1/2	67	AMER	1.00	5.7	12	175	175	175
68 1/2	68	AMER	1.00	5.7	12	175	175	175
69 1/2	69	AMER	1.00	5.7	12	175	175	175
70 1/2	70	AMER	1.00	5.7	12	175	175	175
71 1/2	71	AMER	1.00	5.7	12	175	175	175
72 1/2	72	AMER	1.00	5.7	12	175	175	175
73 1/2	73	AMER	1.00	5.7	12	175	175	175
74 1/2	74	AMER	1.00	5.7	12	175	175	175
75 1/2	75	AMER	1.00	5.7	12	175	175	175
76 1/2	76	AMER	1.00	5.7	12	175	175	175
77 1/2	77	AMER	1.00	5.7	12	175	175	175
78 1/2	78	AMER	1.00	5.7	12	175	175	175
79 1/2	79	AMER	1.00	5.7	12	175	175	175
80 1/2	80	AMER	1.00	5.7	12	175	175	175
81 1/2	81	AMER	1.00	5.7	12	175	175	175
82 1/2	82	AMER	1.00	5.7	12	175	175	175
83 1/2	83	AMER	1.00	5.7	12	175	175	175
84 1/2	84	AMER	1.00	5.7	12	175	175	175
85 1/2	85	AMER	1.00	5.7	12	175	175	175
86 1/2	86	AMER	1.00	5.7	12	175	175	175
87 1/2	87	AMER	1.00	5.7	12	175	175	175
88 1/2	88	AMER	1.00	5.7	12	175	175	175
89 1/2	89	AMER	1.00	5.7	12	175	175	175
90 1/2	90	AMER	1.00	5.7	12	175	175	175
91 1/2	91	AMER	1.00	5.7	12	175	175	175
92 1/2	92	AMER	1.00	5.7	12	175	175	175
93 1/2	93	AMER	1.00	5.7	12	175	175	175
94 1/2	94	AMER	1.00	5.7	12	175	175	175
95 1/2	95	AMER	1.00	5.7	12	175	175	175
96 1/2	96	AMER	1.00	5.7	12	175	175	175
97 1/2	97	AMER	1.00	5.7	12	175	175	175
98 1/2	98	AMER	1.00	5.7	12	175	175	175
99 1/2	99	AMER	1.00	5.7	12	175	175	175
100 1/2	100	AMER	1.00	5.7	12	175	175	175

U.S. Futures

Via The Associated Press

Session: High Low Open High Low Close

Session	High	Low	Open	High	Low	Close
WHEAT (CBT)	4.05	4.00	4.02	4.05	4.00	4.02
SOYBEANS (CBT)	1.05	1.00	1.02	1.05	1.00	1.02
CORN (CBT)	0.55	0.50	0.52	0.55	0.50	0.52
COFFEE (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ORANGE JUICE (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
COPPER (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
SILVER (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
PLATINUM (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ALUMINUM (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
IRON (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ZINC (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
LEAD (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
NICKEL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
STEEL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
COAL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
NATURAL GAS (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
HEATING OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
DISTILLATE OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
CRUDE OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02

Grains

Session: High Low Open High Low Close

Session	High	Low	Open	High	Low	Close
WHEAT (CBT)	4.05	4.00	4.02	4.05	4.00	4.02
SOYBEANS (CBT)	1.05	1.00	1.02	1.05	1.00	1.02
CORN (CBT)	0.55	0.50	0.52	0.55	0.50	0.52
COFFEE (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ORANGE JUICE (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
COPPER (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
SILVER (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
PLATINUM (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ALUMINUM (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
IRON (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ZINC (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
LEAD (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
NICKEL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
STEEL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
COAL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
NATURAL GAS (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
HEATING OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
DISTILLATE OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
CRUDE OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02

Food

Session: High Low Open High Low Close

Session	High	Low	Open	High	Low	Close
WHEAT (CBT)	4.05	4.00	4.02	4.05	4.00	4.02
SOYBEANS (CBT)	1.05	1.00	1.02	1.05	1.00	1.02
CORN (CBT)	0.55	0.50	0.52	0.55	0.50	0.52
COFFEE (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ORANGE JUICE (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
COPPER (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
SILVER (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
PLATINUM (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ALUMINUM (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
IRON (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
ZINC (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
LEAD (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
NICKEL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
STEEL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
COAL (COMEX)	1.05	1.00	1.02	1.05	1.00	1.02
NATURAL GAS (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
HEATING OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
DISTILLATE OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02
CRUDE OIL (NYMEX)	1.05	1.00	1.02	1.05	1.00	1.02

Stocks

Session: High Low Open High Low Close

Session	High	Low	Open	High	Low	Close
AMER	175	175	175	175	175	175
IND	175	175	175	175	175	175
EX	175	175	175	175	175	175
UTIL	175	175	175	175	175	175
TELE	175	175	175	175	175	175
TRAN	175	175	175	175	175	175
INSUR	175	175	175	175	175	175
RETAIL	175	175	175	175	175	175
FIN	175	175	175	175	175	175
PHARMA	175	175	175	175	175	175
ENERGY	175	175	175	175	175	175

BUSINESS ROUNDUP

Seabrook Owner Mulls Liquidation

By Our Staff From Dispatches SHUA, New Hampshire — Service Co. of New Hamp-

cause it has not received a federal license to do so. Nearby Massachusetts communities have failed to file emergency evacuation plans, which are needed for the plant to obtain a license.

organization plan cannot be confirmed unless creditors receive at least as much as they would if the enterprise were liquidated.

"The situation in New England, as well as the arrangement of our assets, may mean," he said, that liquidation "produces the maximum value for all our investors."

He said liquidation could mean "segmentation of the company and a sale in pieces." The reorganization plan must be filed by Dec. 27.

Mr. Harrison said that the company has considered abandoning the plant.

He had been asked if the company would consider a deal similar to one worked out between the state of New York and Long Island Lighting Co. involving the Shoreham nuclear plant.

Their agreement in principle calls for LILOCO to abandon the plant in return for tax breaks, permission to continue operating as a private company and rate rises.

Mr. Harrison also noted that an executive order from President Ronald Reagan is reportedly under consideration that would remove local control over the licensing of nuclear plants.

Edward Brown, who heads the consortium that operates Seabrook, said before the meeting, however, that he does not think the executive order would apply to the plant, because Seabrook's operating plan had already been filed.

(Reuters, AP)

GM Executive Retires to Join U.S. Law Firm

DETROIT — General Motors Corp. said Monday that Elmer W. Johnson, an executive vice president, retired and will return to the Chicago law firm of Kirland & Ellis.

The departure of Mr. Johnson, 56, had been expected for several weeks within the industry, where those familiar with his situation said he was disappointed that he was unlikely to be named to replace Roger B. Smith when the GM chairman retires in 1990 at 65.

Mr. Johnson, who had been with the company for five years, was also said to be frustrated by the slow pace of change at the biggest U.S. automaker.

If so, Mr. Johnson would be the second outsider to leave a senior GM post in the last year and a half over differences with top managers. H. Ross Perot resigned from GM's board in December 1986, accepting a \$700 million stock buyout, after he had openly criticized management.

In a statement, Mr. Johnson said his decision to leave GM was based on a number of factors, which he did not specify.

Ford Signs Licensing Pact With Australian Engine Maker

SYDNEY — Ford Motor Co. has signed a licensing agreement to use innovative car engine technology from Orbital Engine Co. of Australia, Orbital's chairman, Russell Fynmore, said Monday.

The two-stroke Orbital engine, which was developed by the Australian inventor Ralph Sarich, has been promoted as more compact, lighter and more economical than traditional four-stroke engines, in which the pistons move four times in each combustion cycle.

It is also said by its inventor to be mechanically simpler and less polluting than ordinary car engines.

"It's a very big step forward," Mr. Fynmore told reporters. "We now have one of the major automotive companies indicating quite publicly that it is significantly interested in the process."

Orbital is a 50/50 joint venture between Broken Hill Pty. and Sarich Technology Trust, which was established by the Australian inven-

tor, who has been trying for 19 years to have his technology accepted by the motor industry.

The agreement between Orbital and the No. 2 U.S. automaker, about which financial details were not disclosed, covers use of the Orbital technology if technical and business developments are successful, Mr. Fynmore said. He did not specify these developments.

Mr. Fynmore, who is also BHP business development manager, said licensing agreements have already been signed with Outboard Marine Corp., the largest U.S. maker of outboard engines, and tentative work has been done with General Motors Corp., the biggest U.S. car maker.

Orbital has already fitted one Ford U.S.-built car with an engine and a second would be prepared and tested before the licensing agreement could be extended, Ford said in a signing ceremony and would pay for the test engine. Substantial royalties would be paid if the engine enters production, Mr. Fynmore said.

He said he could not speak for Ford, but

added that the engine could be in commercial production by 1992.

Mr. Fynmore said BHP had committed more than 20 million Australian dollars (\$16.4 million) to help Mr. Sarich develop the technology, which was also being promoted to the Japanese and Chinese car industries.

Mr. Sarich has said that the state government in Michigan, where the U.S. car industry is centered, has offered him assistance to relocate his operation to the United States, but several Australian states are also competing to keep the technology in Australia.

Last week, the inventor threatened to take his engine technology to the United States if the Australian government did not find 100 million dollars to help him build a factory in Australia.

Mr. Sarich said the money was needed to cover development costs.

The government has indicated that it needs firm evidence, in the form of contracts, to prove that the engine operation could be profitable.

Pacific Gas Cuts Dividend and Clears Rate Settlement

FRANCISCO — Pacific Electric Co. said Monday cut its quarterly common dividend by 13 cents a share and approved a pro-

The utility's stock dropped 37.5 cents, to \$15.75 a share, in trading on the New York Stock Exchange on Monday.

The company also said that its estimates indicated that for the next few years, earnings will be "insufficient to sustain our annual dividend of \$1.92 per share."

Under the proposed settlement with the state of California, the utility said, its revenue from the nuclear power plant will depend on how well the facility performs. The approach, called performance-based pricing, allows Pacific Gas to earn revenue based on a set price for each kilowatt-hour of electricity generated by the plant.

company said the proposed settlement in the Diablo Canyon plant case will require time charge to earnings of \$500 million after taxes. Analysts in New York said the deal out will probably scare investors away from the stock.

Analysts said the \$500 million charge was lower than Wall Street estimates.

Komori to Buy Harris Press for \$50 Million

CHICAGO — The Harris Press web-press group, a unit of AM International, is to be sold to Komori Printing Machinery Co. of Japan for \$50 million, it was announced Monday.

The purchase price paid by Komori, a developer of printing systems, would consist of \$20 million in cash, Komori's assumption of Harris' debt.

AM International, which is duplicating systems computer-based typesetting and the graphics industry, signed a nonbinding letter of intent with Komori.

Annual revenue of the web-press group was \$350 million last year, said Jeffrey J. Hopwood, Harris' production and general manager, in a prepared statement.

PACIFIC: Service Keyed to Emerging Japanese Traveler Dominates a Battle for Passengers

(Continued from first finance page) sea, who recently flew China Airlines to Taipei, but returned on United Airlines from Hong Kong. He flew first class both times. He requested a vegetarian meal on both flights. On China Airlines, "everything was crisp and fresh," he said, in contrast to United, which he said served canned asparagus and mushrooms.

"When we arrived in Taipei, we felt like a million dollars," Mr. Henriksen said. That was not the case, however, when he returned to Los Angeles: "I felt tired and hungry."

Northwest is testing a number of changes to make its service distinctive. American has changed the configuration of its business-class seating on Dallas-to-Tokyo flights to match the roomier accommodations offered by All Nippon.

Service becomes all important because the average Pacific flight takes 10 hours. In addition, it is the one area in which airlines are concentrating their marketing efforts because they have little control over schedules and fares.

Schedules for departures to Asia are largely governed by arrival times designated by foreign gov-

ernments. Fares remain relatively stable because of international pricing regulation. Airlines, however, pay hefty commissions to ticket wholesalers in parts of Asia. They, in turn, have created a secondary

market in heavily discounted, economy-class tickets.

It is in first class and business class that the airlines are seeking a lucrative market.

"Business people don't care about the price. What they individually care about are the food and service," said Randi Tahara, director of Pacific Rim affairs at the law firm of Jones, Day, Reavis & Pogue in Los Angeles. She said most of the firm's attorneys prefer Asian carriers.

Service on trans-Pacific air routes takes attentiveness, sensitiv-

ity and increasing awareness of cultural differences.

The biggest difference today, compared with five or 10 years ago, is that the balance of the market has decisively shifted to passengers

originating out of the Orient, explained A.B. "Bucky" Magary, executive vice president for marketing at Northwest.

Today, he said, 60 percent of the passengers are Asian and only 40 percent are Americans. The majority of Asian passengers are Japanese. In the past, he said, there was a lot more emphasis on programs essentially geared to passengers out of the United States.

"Little things are important to the Japanese," explained Masumi Shioda, a senior flight attendant for

All Nippon. "You have to make them feel special. You have to judge by the changes in their faces. American people are very joyful compared to the Japanese." She said Americans always thank the

flight attendant, or make some other oral acknowledgment.

Reading the Japanese takes some practice.

"Japanese passengers generally won't ask you for anything," said Betty Corbett, a special international supervisor at Delta in Atlanta.

"They want you to anticipate their needs. If they have sake, it is important we pour it for them and continue to do so. There is an old Japanese proverb that he who pours with one hand and drinks with the other, it is a bad omen."

"The Japanese would rather have artfully presented food rather than a large amount. They would rather have one spoonful of caviar beautifully placed with garnishes than four spoonfuls."

Betty Corbett, a Delta Air Lines international supervisor.

INSIDER: SEC Accuses Pair in a \$19 Million Case

(Continued from first finance page) er trading charges were made from July 1987 to the present, Mr. Lynch said.

Insider tips allegedly leaked from Mr. Wang to Mr. Lee included Public Service Co. of New Mexico's July 1987 interest in acquiring Utah Power & Light, the November 1987 merger talks between Hutton and Commercial Credit Corp., and Kohlberg, Kravis, Roberts & Co.'s interest in bidding for Stop & Shop in February 1988.

Stocks allegedly involved in the dealing were Impact Systems Inc., American Standard Inc., American Brands Inc., Catalyst Energy Corp., Chi-Chi's Inc., Dayton Hudson Corp., Dime Savings Bank of New York, E-11 Holdings Inc. and Federated Department Stores Inc.

Others were Firststone Tire & Rubber Co., Gillette Co., IC Industries Inc., Kerr-McGee Corp., Lyphomed Inc., Manpower Inc., Outboard Marine Corp., Richmond Hill Savings Bank, Sabine Corp., Safecard Services Inc., Savannah Electric & Power Co., Staley Continental Inc. and Stansadyne Inc.

Mr. Wang, a New York resident, worked in the mergers and acquisition department of Morgan Stanley, where he was hired in a two-year training program that was due to end soon. He allegedly received \$200,000 for providing information to Mr. Lee, said Thomas McGonigle, an attorney with the SEC.

Morgan Stanley had been one of the few major Wall Street firms to avoid legal troubles since major insider-trading scandals erupted in 1986.

"We don't know if he traded," Mr. McGonigle said of Mr. Wang. Mr. McGonigle said an SEC investigation had uncovered a record of telephone calls from a Lee residence in McLean, Virginia, to Mr. Wang's New York residence. Mr. Lee allegedly traded through 24 accounts at various brokerage houses.

Insider trading, the misuse of confidential information to profit in the securities markets, became a household word after the exposure of Mr. Boesky. Besides paying a record fine, Mr. Boesky was banished from the securities business. He pleaded guilty to a criminal charge of conspiracy to lie to the SEC, for which he received a three-year prison term.

Porsche to Stop Making Its 924

STUTTGART — Porsche AG, the luxury sports car maker, said Monday that it would stop production of the 924, its cheapest and smallest model, after August.

A Porsche spokesman said the decision was in line with the company's strategy to streamline its four-cylinder model range, which has suffered a dramatic drop in sales.

"We had too many types of four-cylinder models," he said, adding that Porsche would keep making the 944, 944S and 944 Turbo models.

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GLOBAL FINANCE October 3, 1988

Table with exchange rates for various currencies including USD, DM, SF, SFR, Lira, Yen, etc.

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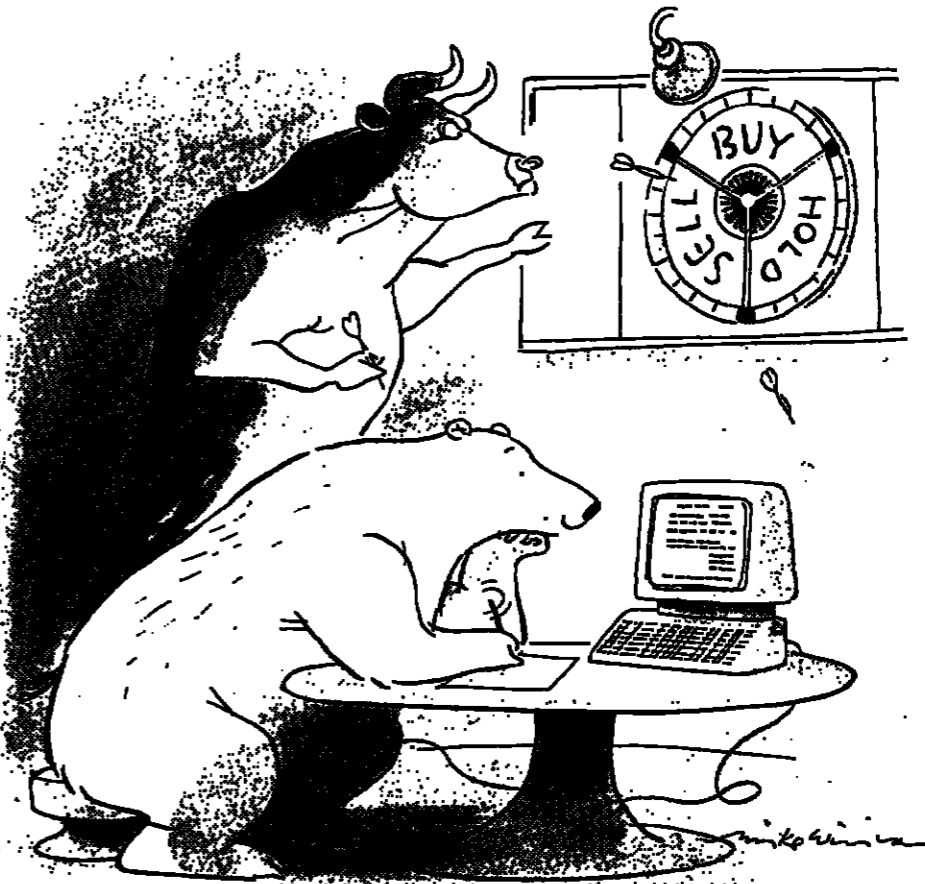
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INTERNATIONAL STOCK MARKET

Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div. Yld. PE	52 Week High	Low	Close	Change
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0

12 Month High	Low	Stock	Div. Yld. PE	52 Week High	Low	Close	Change
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0

12 Month High	Low	Stock	Div. Yld. PE	52 Week High	Low	Close	Change
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0

12 Month High	Low	Stock	Div. Yld. PE	52 Week High	Low	Close	Change
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0

12 Month High	Low	Stock	Div. Yld. PE	52 Week High	Low	Close	Change
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0

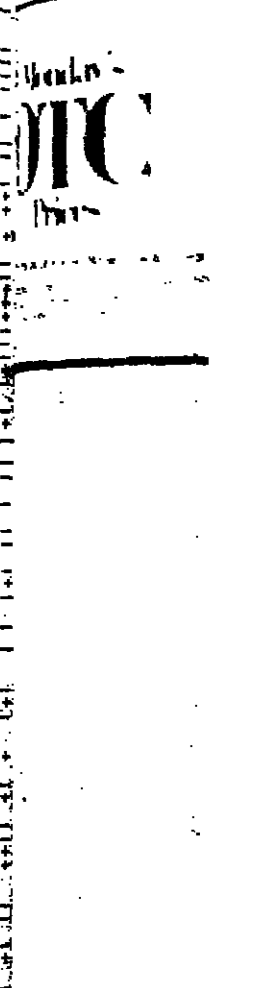
12 Month High	Low	Stock	Div. Yld. PE	52 Week High	Low	Close	Change
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0
12	12	ABX	10.1	10.1	10.1	10.1	0.0

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 27th June 1988

Not exact value quotations are reported by the Funds listed with the exception of some values based on issue price. The marginal symbols indicate frequency of quotation: (C) - daily; (M) - weekly; (W) - bi-weekly; (M) - monthly

ALMAY GROUP	ALMAY GROUP	ALMAY GROUP	ALMAY GROUP	ALMAY GROUP	ALMAY GROUP	ALMAY GROUP	ALMAY GROUP
(1) ALMAY TRUST SA	(1) ALMAY TRUST SA	(1) ALMAY TRUST SA	(1) ALMAY TRUST SA	(1) ALMAY TRUST SA	(1) ALMAY TRUST SA	(1) ALMAY TRUST SA	(1) ALMAY TRUST SA
(1) Managed Currency	(1) Managed Currency	(1) Managed Currency	(1) Managed Currency	(1) Managed Currency	(1) Managed Currency	(1) Managed Currency	(1) Managed Currency
(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.
(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.
(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.	(1) APAC FINANCIAL CORP.

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595 for further information.



Handwritten text at the bottom left corner: "JUN 28 1988"

CURRENCY MARKETS

DOLLAR: Fed Intervention Pulls Currency Off Highs

(Continued from page 1) ... Fed intervention pulled the dollar off its recent high...

London Dollar Rates

Table with 3 columns: Currency, Bid, Ask. Includes Deutsche mark, French franc, etc.

...The value of the dollar as an investment currency... Inflation has been a particular worry in West Germany...

YEUTTER SAYS U.S. DROUGHT WILL CURTAIL FARM EXPORTS

BEAVER CREEK, Colorado — The drought in U.S. grain-producing regions will curb American farm exports...

TRADE: British Current Account Deficit Hits Record

(Continued from first finance page) ... a declining pound by engineering three consecutive half-point increases in base rates...

ING DOLLAR IS EXPECTED TO PUSH LONG-TERM U.S. INTEREST RATES LOWER

YORK — Renewed strength in the dollar could push down long-term U.S. rates and postpone tightening of the Reserve System's restrictions...

...The bond market staged a powerful rally last week, with the price of the 9 1/2 percent 30-year bond climbing to 102 28/32 on Friday...

...The ensuing bond market rally has created a comforting backdrop to the coming week's FOMC meeting...

...Exports in May to the United States fell by 14 percent, to \$756 million from \$877 million in April...

...The Hannover venue — site of the world's biggest annual industry exhibition — was picked to symbolize the economic potential of close EC cooperation...

EC: Dispute Over Central Bank

(Continued from first finance page) ... Thatcher is pushing a half-dozen near-term priorities for the EC as it prepares for the creation of a frontiers market in 1992...

...The Bank of England declined to operate in the London money markets Monday. Market participants, however, signaled their expectation for a full-point rise in base rates...

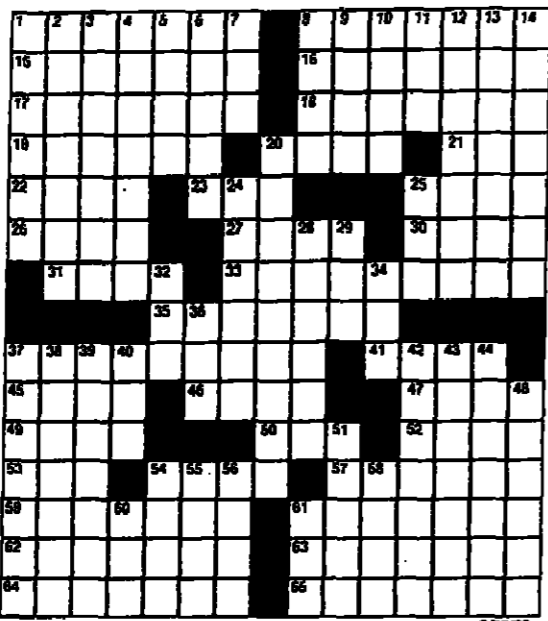
...Jacques Delors, the French economist who is the chief architect of the internal market plan, was expected to be reappointed for a new term as president of the EC executive commission...

Monday's OTC Prices. DAQ prices as of 4 p.m. New York time. Includes a list of OTC securities and their prices.

Main financial table with multiple columns for various stocks and bonds. Includes columns for 12 Month High, Low, 4 P.M. Close, Div. Yld., and P.A. Chg. Lists numerous companies like Amgen, Amgen, Amgen, etc.

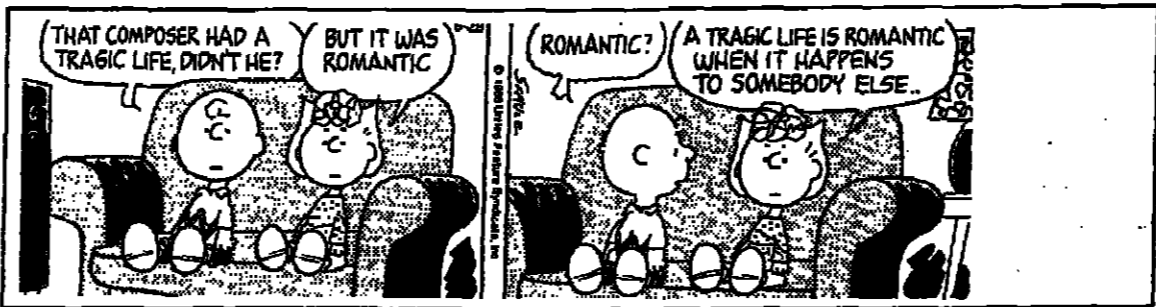
Japanese Output Fell By 1.7% During May

TOKYO — Japan's industrial production fell 1.7 percent in May from the previous month, the Ministry of International Trade and Industry said on Monday...



- ACROSS**
- Cracker
 - Sacks
 - Dancer Powell
 - Obdurate
 - Porter's "Miss Otis"
 - Brahms cantata
 - It's home on the range
 - Phlox
 - Crop
 - Cartoonist Hulme
 - Bambi's aunt
 - Diamond cover
 - Witnessed
 - Galatea's
 - Faulkner character
 - Caesura
 - Declaimed
 - Like Burnett's jungle
 - Allot
 - Plane of W.W.I
 - Two taker
 - Sonoran Indian
 - Got a hole-in-one
 - Kiss-and-w.W.II
 - Busy org. of W.W.II
- DOWN**
- Worsted fabrics
 - More attentive
 - Heir
 - Crabbe-Barker roles
 - Arrow poison
 - Dame
 - Resistant sounds
 - Like the whooping crane
 - Entrance
 - Weathercock
 - Org. with a guitar
 - Dashing
 - Sanction
- 14 Quashed**
20 Risen Star is one
- 24 British baby's**
diaper
- 25 Chinese**
pagoda
- 28 Noted rug**
weavers
- 29 Impresario**
Hurok
- 32 Pitch**
34 Part of E.R.A.
- 36 Louis and**
Lawrence
- 37 Bears witness**
38 Forearm
- 39 Creole State**
bird
- 40 Olive or Castor**
42 Biased
- 43 Synthetic**
fabric
- 44 Busts**
45 R cars
- 51 Boxes**
54 It rhymes with keno
- 55 Tenth of an**
ephem
- 56 Applications**
58 Fit to
- 60 Towel word**
61 R-V connection

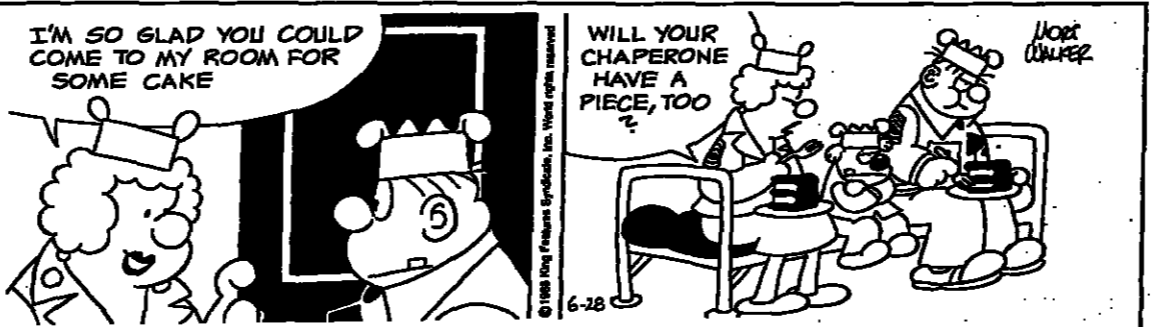
PEANUTS



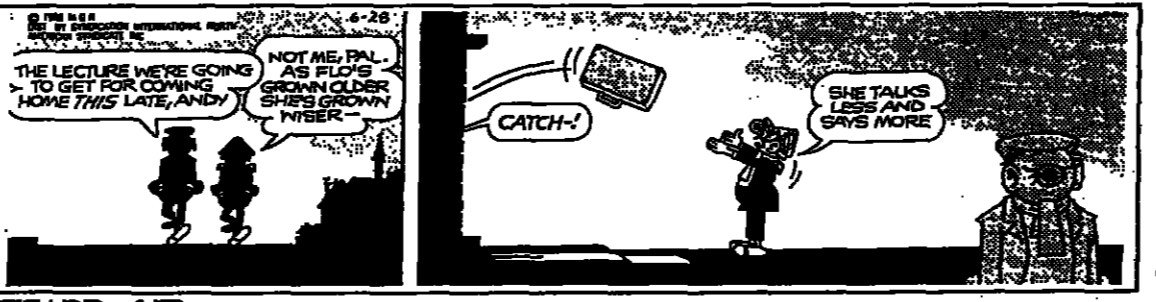
BLONDIE



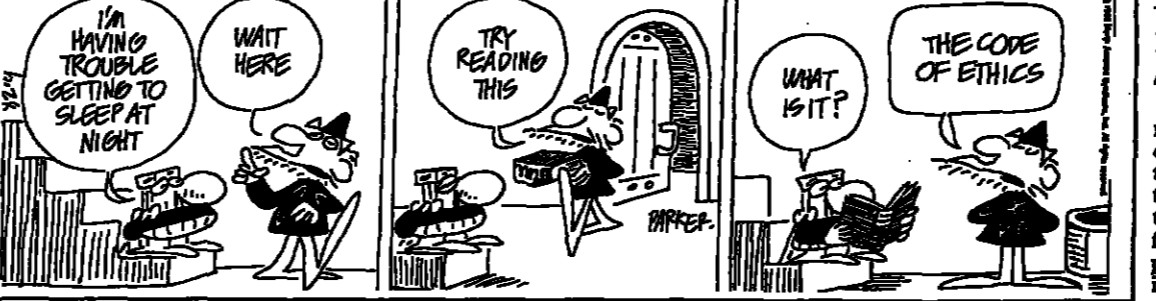
BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



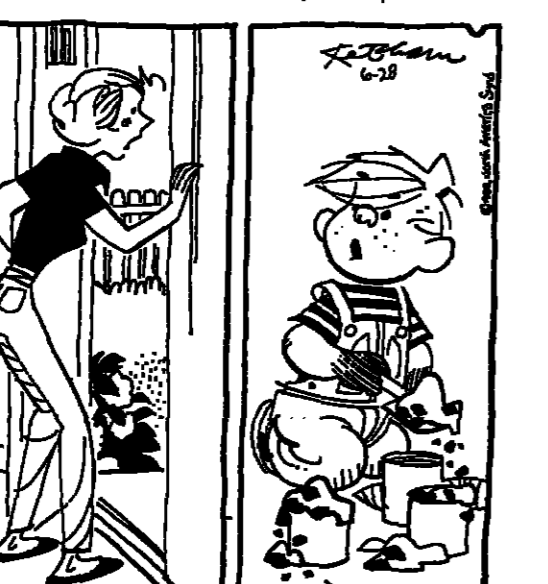
REX MORGAN



GARFIELD



DENNIS THE MENACE



WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	21	17	Bangkok	31	25
Amsterdam	17	13	Beijing	28	22
Antwerp	17	13	Hong Kong	28	22
Berlin	17	13	Manila	28	22
Bombay	28	22	Osaka	28	22
Buenos Aires	28	22	Seoul	28	22
Calcutta	28	22	Singapore	28	22
Cairo	28	22	Taipei	28	22
Cardiff	17	13	Tokyo	28	22
Chicago	17	13			
Copenhagen	17	13			
Dublin	17	13			
Edinburgh	17	13			
Helsinki	17	13			
London	17	13			
Lyon	17	13			
Madrid	17	13			
Moscow	17	13			
Munich	17	13			
Nairobi	17	13			
Paris	17	13			
Prague	17	13			
Rangoon	17	13			
Rome	17	13			
Stockholm	17	13			
Sydney	17	13			
Tientsin	17	13			
Warsaw	17	13			
Zurich	17	13			

MIDDLE EAST

Amman	28	22
Bahrain	28	22
Beirut	28	22
Doha	28	22
Jakarta	28	22
Kuala Lumpur	28	22
Manila	28	22
Seoul	28	22
Singapore	28	22
Taipei	28	22
Tokyo	28	22

AFRICA

Accra	28	22
Algiers	28	22
Cairo	28	22
Harare	28	22
Johannesburg	28	22
Lagos	28	22
London	17	13
Luanda	28	22
Nairobi	28	22
Paris	17	13
Tripoli	28	22
Zurich	17	13

NORTH AMERICA

Atlanta	28	22
Boston	28	22
Chicago	28	22
Denver	28	22
Houston	28	22
Los Angeles	28	22
Manila	28	22
Moscow	28	22
Osaka	28	22
Seoul	28	22
Singapore	28	22
Taipei	28	22
Tokyo	28	22

LATIN AMERICA

Buenos Aires	28	22
Caracas	28	22
London	17	13
Manila	28	22
Moscow	28	22
Osaka	28	22
Seoul	28	22
Singapore	28	22
Taipei	28	22
Tokyo	28	22

BOOKS

SERIOUS LIVING

By Tom Lorenz. 213 pages. \$17.95. Viking. 40 West 23d Street, New York, N.Y. 10010.

Reviewed by Jonathan Yardley

EIGHT years ago Tom Lorenz published "Guys Like Us," a first novel so funny and tender that it seemed a small miracle. It was the story of a Chicagoan just turning 30 whose life was headed on a downhill path. The book was about growing up—and failing to grow up—and it had a maturity and a comic inventiveness that belied its author's youth. Now at last Lorenz has resurged, with a second novel that confirms the high promise of his first. "Serious Living" is, as its title suggests, a somewhat darker novel than "Guys Like Us," but Lorenz's sense of humor gives the sign of being and his feel for lower-middle-class life in Chicago remains acute. He is not an elegant literary stylist and upon occasion he slips into sentimentality, but those are small and quite bearable shortcomings in a novel notable for its charm and high spirits. Ritchie Kohler is in his early 20s, working halfheartedly at his father's neighborhood grocery. He knows his prospects are not bright—"He didn't exactly have a wide world of opportunity awaiting him with his respectable education, Good Citizenship and Long Division didn't exactly open a lot of doors"—but he hasn't worked up the energy to do anything about the problem. Ritchie does have dreams of glory, which

BOOKS

focus on the O'asis, the ritzy club on the whole airport strip, the mobster, house built on juice and shakedown and murder money. His friend Tony Marzani—Mrs. Marzani's words there, and keeps urging Ritchie to join him. Ritchie is tempted, but thinks better of it.

"Every time Ritchie would get to drinking that Marzani was just a regular, he'd show up with a load of tape decks, or a string full of cigarette cartons that he'd hawk in the parking lot after school. Every time he'd begin to believe that Marzani was just another Joe an incident would occur, like the time six or seven guys with bananas came looking for him at McDonald's, or the time they were sitting around in his mother's apartment by the airport, looking down and listening to the stereo, and a slender Sicilian in a black leather jacket came up the back stairs and left a message for Marzani, burying it in the door with a ten-inch blade. But Marzani's visions of the good life finally prove too tempting, and Ritchie succumbs. He takes a job as bartender at the Oasis, learning the trade from the formidable incumbent, Vince the God, an erstwhile Big Ten defensive end. All of a sudden Ritchie lands, with a key-gun plastered over his face, smack in the middle of the good life, he sees himself as a "chick of action, who knew what he wanted and was ready to make his place in the world." Needless to say the air goes out of his tires in a hurry, the kid from blue-collar Chicago can't cruise at Oasis speed. He slips unexpectedly into a love affair with Louise Galenko, a waitress several years his senior who lives with her 7-year-old son, but Marzani and his toughish confederates born their way in most disagreeably, and with singularly unhappy results. In the end things work out tolerably well, but not nearly as well as a realistic understanding of whom he belongs.

That of course is in the old neighborhood, with people who drove big four-door American cars, who were on a first-name basis with their local hardware man and who stopped in at the corner milk store whenever they needed a gallon and an extra gallon of milk. This is the world Tom Lorenz is himself clearly most comfortable in, and he has made it his own. He writes modest stories about modest people trying to find decent places for themselves in life's confusion, and he writes them very well. Jonathan Yardley is on the staff of The Washington Post.

Solution to Previous Puzzle

HORA	DISC	APSE
EMEND	UNIR	DROP
MANOR	RETIRE	ISMI
REBELL	OTAGE	
ERROR	ROTATE	
BER	QUEST	RUG
TRIED	PCT	TOAST
INFER	SE	ENNUI
FILE	POA	REGAL
FEE	DRILLS	ELL
REGINA	EMS	
SALEP	STRANGE	
RIND	OUTFRANGE	
URGE	FLIP	CRAGS
BEER	FACE	ERSE

CHESS

By Robert Byrne

THE European Options Exchange Match-Tournament, May 14-28 in Amsterdam, resulted in a smashing triumph for Gary Kasparov of the Soviet Union. Not only did the world champion capture first place with a lead of 2½ points over his nearest competitor, the former world champion Anatoly Karpov, but he also twice defeated his countryman and erstwhile challenger in their individual confrontations. The match-tournament format meant that each player contested four games with each of the others.

By Robert Byrne

On 10 B-N5, it would be wrong to play 10...N-Q5 because 11 N-N5, B-N5; 12 N-N5, B-B4; 13 P-K5, Q-QR3; 14 N-Q6, B-N5; 15 P-B3 is strong for White.

Chessboard diagram

White	Black
K	K
Q	Q
R	R
B	B
N	N
P	P

Chessboard diagram

White	Black
K	K
Q	Q
R	R
B	B
N	N
P	P

World Stock Markets

Via Agence France Presse Closing prices in local currencies, June 27

Market	Index	Change
Amsterdam	423.50	+1.25
Bombay	1210.00	+15.00
London	2412.00	+12.00
Manila	1210.00	+15.00
Moscow	1210.00	+15.00
Osaka	1210.00	+15.00
Seoul	1210.00	+15.00
Singapore	1210.00	+15.00
Taipei	1210.00	+15.00
Tokyo	1210.00	+15.00

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Floppy Disks/Audio & Video Cassettes

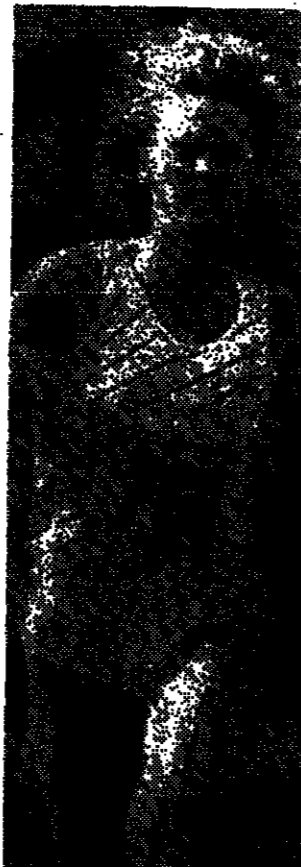
The Global Newspaper

July 1988

SPORTS

For Medal Contenders Only: East Germans Culled for Seoul

By Jackson Diehl
Washington Post Service
OSTOCK, East Germany
In the severe world of East German track and field, it is possible for an athlete to win a national championship, even set a European record, and still feel that he or she has fallen short.



Heike Drechsler setting a world best in the 200 meters with a time of 21.84 seconds.

She has given up the idea of four golds, she said, adding with a laugh, "One or two would be enough."
Drechsler remains indefinite about which events she will enter, though she said the decision had been made: No announcement will be made until shortly before the Olympics.



Zina Garrison, seeded 12th, defeating No. 5 Gabriela Sabatini.

A disappointed Gabriela Sabatini (above) after her three-set loss to Zina Garrison. "She did everything right," Sabatini said. "I was in confusion and didn't know what to do."

Lendl Wins in Tough 5 Sets; Sabatini and Zvereva Ousted

By John Feinstein
Washington Post Service
WIMBLEDON, England — If Ivan Lendl ever wins Wimbledon, whether it be this year or sometime in the future, no one will say that he did not earn it.



Ivan Lendl playing tennis.

WIMBLEDON TENNIS
on Court No. 1, the court that has provided most of the suspense at this tournament.
Last week Pat Cash of Australia and Jimmy Connors of the United States each trailed their opponents two sets to one before surviving.

Monday, Lendl went much further. For four hours and 46 minutes, he grunted and groaned, huffed and puffed, and finally blew Woodforde down, 7-5, 6-7 (8-6) 6-7 (7-4), 7-5, 10-8.
The non-Lendl suspense for the day took place on the women's side.

FOREBOARD

BASEBALL

Table with columns for Major League Standings, National League, and American League.

TENNIS

Table with columns for Wimbledon, Men, and Women.

GOLF

Table with columns for Major League Leaders, American League, and National League.

Viola Gets 12th Victory As Twins Defeat A's

Compiled by Our Staff From Dispatches
OAKLAND, California — Frank Viola became the first American League pitcher to reach 12 victories this season as he helped the Minnesota Twins sweep a double-header over the Oakland Athletics.

a five-hitter. Fraser allowed four hits, walked one and struck out five in seven innings to snap a seven-game losing streak as a starter.
White Sox 7, Rangers 5: In Arlington, Texas, Daryl Boston hit his first career grand slam to spark

Confidence Is Part of the Game

Mike Tyson, the heavyweight boxing champion of the world, made no secret of who he thought would win his title bout with Michael Spinks. Most boxing experts agreed with him, regarding Tyson as too powerful a puncher for Spinks.

BASKETBALL

Table with columns for NBA Draft Order, Transition, and Pitching.

TRANSITION

Table with columns for American League, National League, and Pitching.

BASEBALL

Table with columns for American League, National League, and Pitching.

Nelson Rallies To Capture U.S. Golf Tournament

The Associated Press
MARIETTA, Georgia — Larry Nelson blew a four-shot lead then came back to post two birdies in the final five holes to shoot a one-over-par 73 and win the Atlanta Golf Classic on Sunday.

ESCORTS & GUIDES

Table listing various escort and guide services with contact information.

INTERNATIONAL CLASSIFIED

Table listing international classified services and advertisements.

